Focus

SapuraCrest Petroleum

ANNUAL REPORT 2009

Focus>>

We remain focused in achieving our goals and business plan in order to realise our vision of being the leading integrated oil and gas services provider in the region.

Rationale

30th Annual General Meeting

Date : Tuesday, 30 June 2009

Time : 10.00 a.m.

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

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 30th

Annual General Meeting of the Company will be held at the Multi-Purpose Hall, Ground Floor, Sapura @ Mines, No. 7 Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan on Tuesday, 30 June 2009 at 10.00 a.m. to transact the following businesses:

AGENDA

1. To lay the Audited Financial Statements together with the Directors' and Auditors' reports for the financial year ended 31 January 2009.
Ordinary Resolution 1

2. To approve the payment of a single-tier final dividend of 3 sen per share for the financial year ended 31 January 2009.
Ordinary Resolution 2

3. To approve the Directors' fees for the financial year ended 31 January 2009.
Ordinary Resolution 3

4. To re-elect the following Directors who retire pursuant to Articles 95 and 96 of the Articles of Association of the Company and being eligible, offer themselves for re-election :

   i. Dato' Hamzah Bakar
   Ordinary Resolution 4
   ii. Dato' Fauziah Dato' Ismail
   Ordinary Resolution 5

5. To re-elect Encik Shahriman Shamsuddin who retires pursuant to Article 100 of the Articles of Association of the Company and being eligible, offers himself for re-election.
Ordinary Resolution 6

6. To re-appoint Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.
Ordinary Resolution 7

As Special Business, to consider and if thought fit, to pass the following resolution:

7. **AUTHORITY FOR DIRECTORS TO ISSUE SHARES UNDER SECTION 132D OF THE COMPANIES ACT, 1965**

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

Ordinary Resolution 8

8. To transact any other business for which due notice shall have been given in accordance with the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a single-tier final dividend of 3 sen per share in respect of the financial year ended 31 January 2009, if approved by the shareholders at the 30th Annual General Meeting, will be payable on 14 August 2009 to Depositors registered in the Record of Depositors at the close of business on 31 July 2009.

A Depositor shall qualify for entitlement only in respect of:

a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 31 July 2009 in respect of ordinary transfers; and

b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

FINTON TUAN KIT MING
POH PHEI LING
Company Secretaries

Selangor Darul Ehsan
8 June 2009

NOTES:

1. Proxy Forms

A member of the Company who is entitled to attend and vote at this Meeting is entitled to appoint up to two (2) proxies to attend and vote on a show of hands or on a poll in his stead. 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.

Where a member is an authorised nominee, it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

An instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney; and in the case of a corporate member, shall be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

The instrument appointing a proxy must be deposited with the Share Registrar of the Company, Mega Corporate Services Sdn Bhd located at Level 15-2, Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

2. Corporate Representative

As an alternative to the appointment of a proxy, a corporate member may appoint its corporate representative to attend this Meeting pursuant to Sections 147(3) and (4) of the Companies Act, 1965. For this purpose and pursuant to Section 147(5) of the Companies Act, 1965, the corporate member shall provide a certificate under its common seal as prima facie evidence of appointment of the corporate representative. The corporate member may submit the certificate to the Share Registrar of the Company prior to the commencement of this Meeting.

3. Directors' Fees

The Directors' fees for the financial year ended 31 January 2009 amounted to RM612,000.

4. Ordinary Resolution pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 8, if passed, would, subject to the Listing Requirements of Bursa Malaysia Securities Berhad, enable the Directors to issue up to a maximum of 10% of the total issued and paid-up share capital of the Company at the date of such issuance for such purpose as the Directors consider would be in the best interest of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the conclusion of the next Annual General Meeting.

Statement Accompanying Notice Of Annual General Meeting

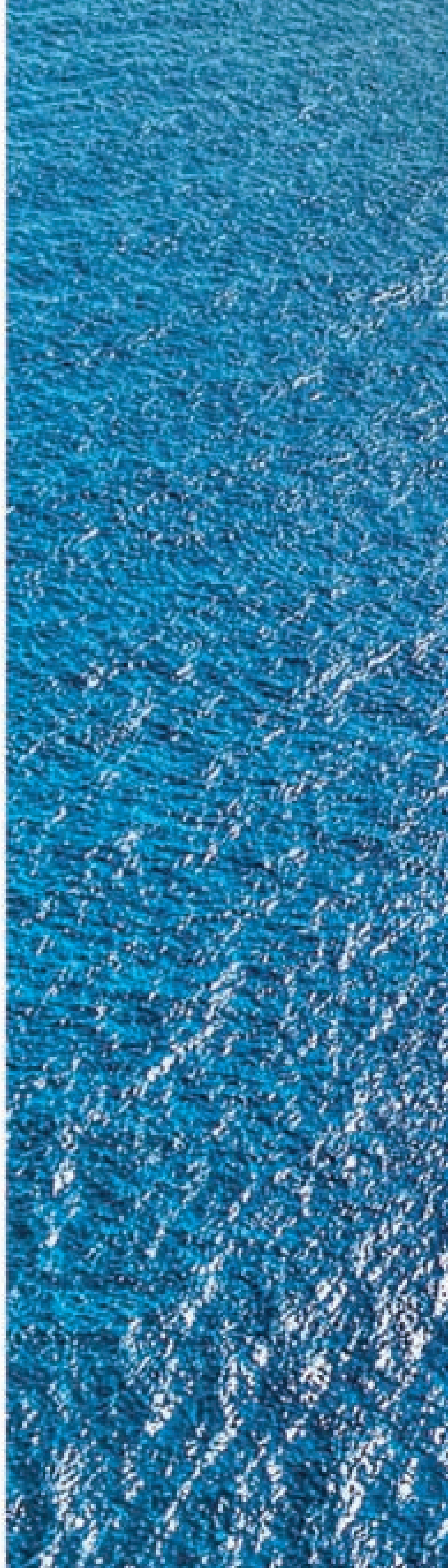
Pursuant to Paragraph 8.28 (2) of the Listing Requirements of Bursa Malaysia Securities Berhad

Directors who are retiring and standing for re-election at the 30th Annual General Meeting:

(a) Retiring pursuant to Articles 95 and 96 of the Company's Articles of Association
(i) Dato' Hamzah Bakar
(ii) Dato' Fauziah Dato' Ismail

(b) Retiring pursuant to Article 100 of the Company's Articles of Association
(i) Encik Shahriman Shamsuddin

Details of the above Directors who are standing for re-election are provided for in the respective Directors' Profile on pages 30 to 33 of this Annual Report. Details of their interest in the securities of the Company can be found on page 151 of this Annual Report.



Resilient >>

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

Corporate Profile

SapuraCrest Petroleum Berhad ("SapuraCrest or "the company") was incorporated on 3 March 1979 and has, since 15 October 1992, been listed on Bursa Malaysia.

The SapuraCrest Group's involvement in the oil and gas industry span the areas of offshore drilling, installation of pipelines and facilities, marine services, offshore and nearshore marine engineering, the design, manufacture and operation of remote-operated vehicles as well as maintenance activities for the oil and gas, marine and power utility industries.

The Group is currently one of the largest integrated oil and gas services provider in Malaysia and has steadily expanded its operations beyond the shores of Malaysia to markets stretching from India to China and Indonesia to Australia.

BOARD OF DIRECTORS

Dato' Hamzah Bakar
Chairman
Non-Independent Non-Executive Director

Datuk Shahril Shamsuddin
Executive Vice-Chairman
Non-Independent Executive Director

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

Tan Sri Ibrahim Menudin
Independent Non-Executive Director

Dato' Fauziah Dato' Ismail
Independent Non-Executive Director

Gee Siew Yoong
Independent Non-Executive Director

Mohamed Rashdi Mohamed Ghazalli
Independent Non-Executive Director

Shahriman Shamsuddin
Non-Independent Non-Executive Director

COMPANY SECRETARIES

Finton Tuan Kit Ming (LS 0008941)
Poh Phei Ling (MAICSA 7035146)

DIRECTOR IN CHARGE OF SHAREHOLDERS' COMMUNICATIONS

Gee Siew Yoong
Independent Non-Executive Director
: director-sc@sapuracrest.com.my

Mail to :
Level 6, Sapura @ Mines
No. 7 Jalan Tasik, The Mines Resort City
43300 Seri Kembangan
Selangor Darul Ehsan

AUDIT COMMITTEE

Gee Siew Yoong
Chairman
Independent Non-Executive Director

Dato' Fauziah Dato' Ismail
Independent Non-Executive Director

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

NOMINATION COMMITTEE

Dato' Hamzah Bakar
Chairman
Non-Independent Non-Executive Director

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

Encik Mohamed Rashdi Mohamed Ghazalli
Independent Non-Executive Director

REMUNERATION COMMITTEE

Dato' Hamzah Bakar
Chairman
Non-Independent Non-Executive Director

Datuk Shahril Shamsuddin
Executive Vice-Chairman
Non-Independent Executive Director

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

REGISTERED OFFICE

Sapura @ Mines
No. 7 Jalan Tasik, The Mines Resort City
43300 Seri Kembangan
Selangor Darul Ehsan
: 03-8659 8800
: 03-8659 8811

AUDITORS

Ernst & Young
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
: 03-7495 8000
: 03-2095 9076/78

SHARE REGISTRAR

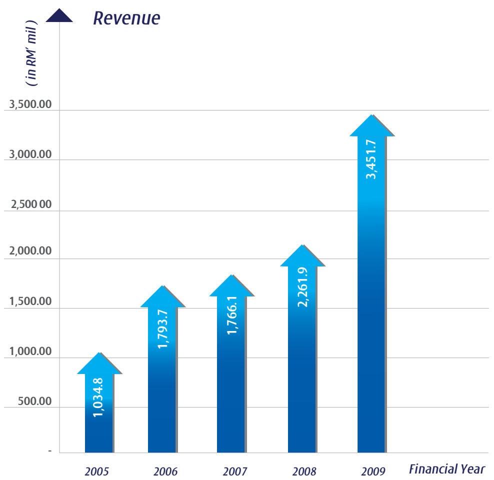
Mega Corporate Services Sdn Bhd
Level 15-2 Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
: 03-2692 4271
: 03-2732 5388

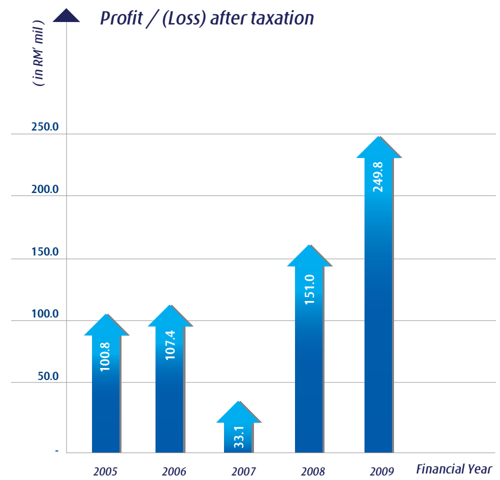
STOCK EXCHANGE LISTING

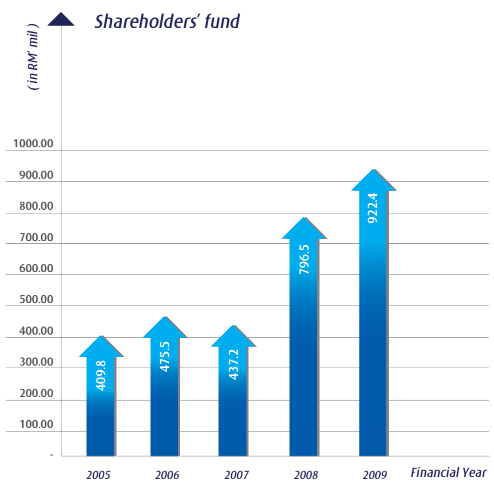
The Main Board of Bursa Malaysia
Stock Name : SAPCRES
Stock Code : 8575

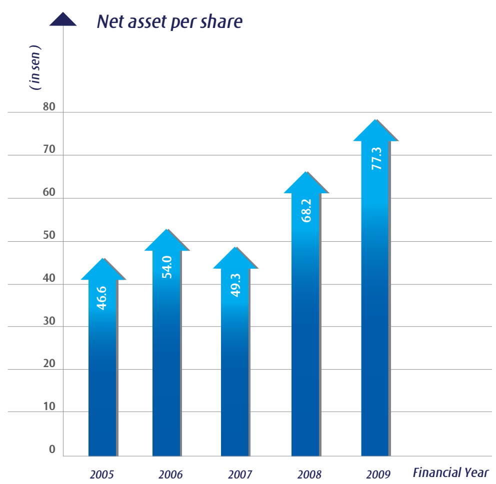
Financial Highlights

		2005	2006	2007	2008	2009
Revenue	(RM'mil)	1,034.8	1,793.7	1,766.1	2,261.9	3,451.7
Profit/(loss) after taxation	(RM'mil)	100.8	107.4	33.1	151.0	249.8
Profit/(loss) attributable to equity holders of the Company	(RM'mil)	74.9	74.0	(17.7)	78.3	115.8
Shareholders' fund	(RM'mil)	409.8	475.5	437.2	796.5	922.4
Basic earnings per share	(sen)	8.7	8.4	(2.0)	7.5	9.83
Diluted earnings per share	(sen)	6.5	6.6	(2.0)	6.6	9.13
Net asset per share	(sen)	46.6	54.0	49.3	68.2	77.3
Number of ordinary shares at financial period/year end	('mil)	879.1	88.02	887.1	1,168.4	1,193.8


Revenue
(in RM' mil)
3,500.00
3,000.00
2,500.00
2,000.00
1,500.00
1,000.00
500.00
-
1,034.8
1,793.7
1,766.1
2,261.9
3,451.7
2005
2006
2007
2008
2009
Financial Year


Profit / (Loss) after taxation
(in RM' mil)
250.0
200.0
150.0
100.0
50.0
-
100.8
107.4
33.1
151.0
249.8
2005
2006
2007
2008
2009
Financial Year


Shareholders' fund
(in RM' mil)
1000.00
900.00
800.00
700.00
600.00
500.00
400.00
300.00
200.00
100.00
-
409.8
475.5
437.2
796.5
922.4
2005
2006
2007
2008
2009
Financial Year

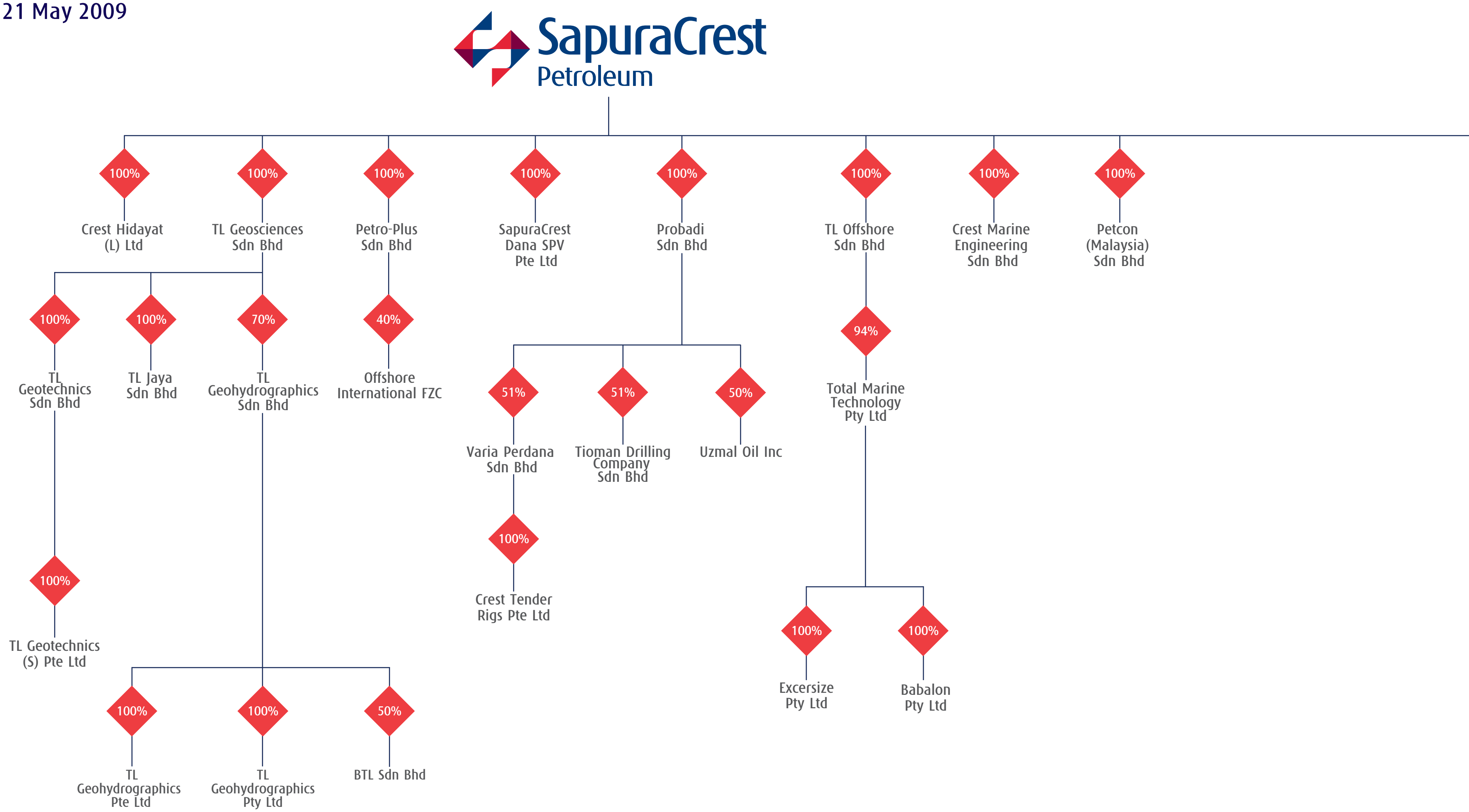

Net asset per share
(in sen)
80
70
60
50
40
30
20
10
0
46.6
54.0
49.3
68.2
77.3
2005
2006
2007
2008
2009
Financial Year

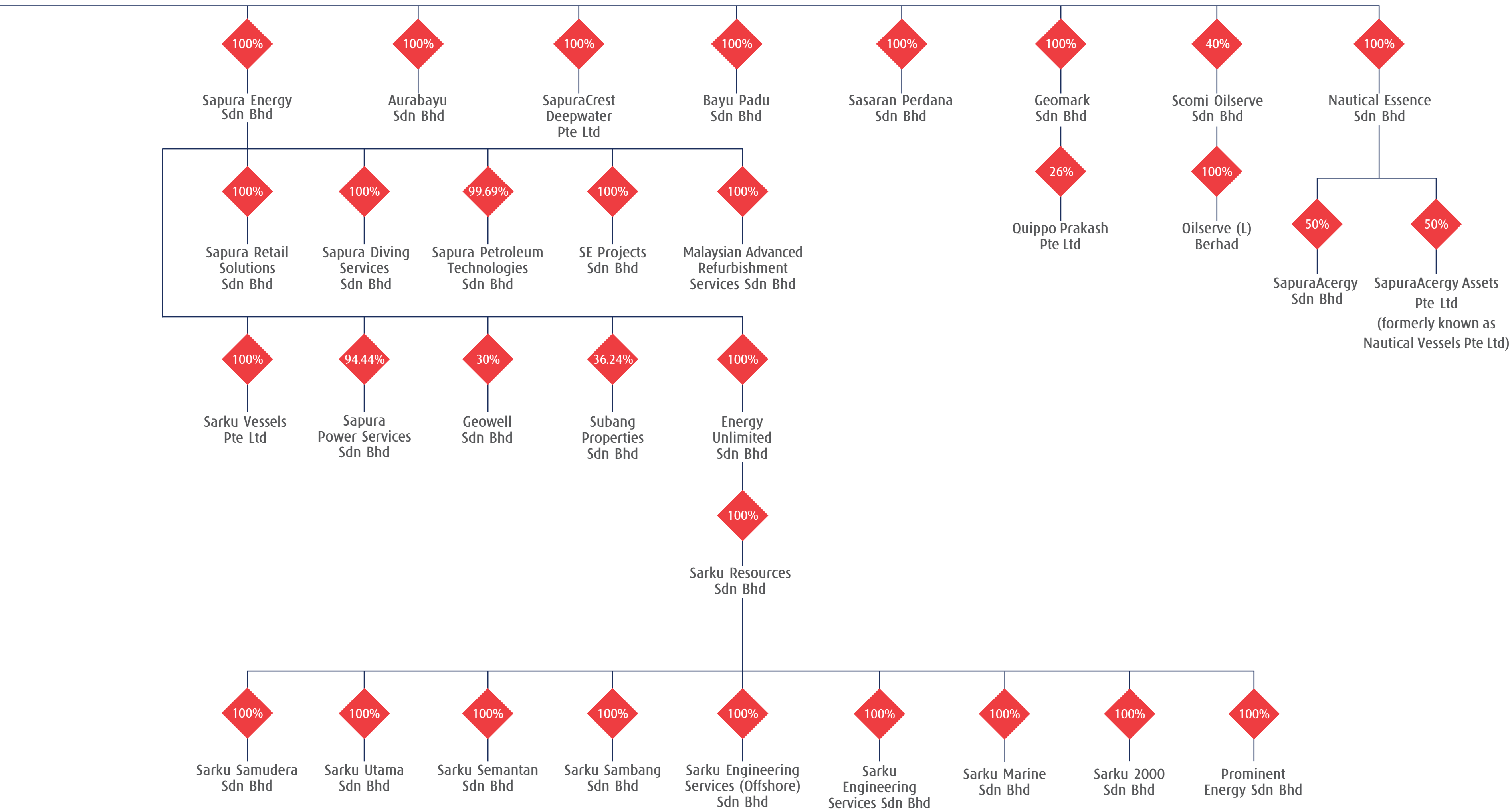
Agile >>

We will constantly look for new business opportunities and capitalise on these opportunities quickly so that we can become an agile player that stays ahead of the forces of change and competition.

Corporate Structure

As at 21 May 2009




100%
Sapura Energy Sdn Bhd
100%
Aurabayu Sdn Bhd
100%
SapuraCrest Deepwater Pte Ltd
100%
Bayu Padu Sdn Bhd
100%
Sasaran Perdana Sdn Bhd
100%
Geomark Sdn Bhd
26%
Quippo Prakash Pte Ltd
40%
Scomi Oilserve Sdn Bhd
100%
Oilserve (L) Berhad
100%
Nautical Essence Sdn Bhd
50%
SapuraAcergy Sdn Bhd
50%
SapuraAcergy Assets Pte Ltd (formerly known as Nautical Vessels Pte Ltd)
100%
Sapura Retail Solutions Sdn Bhd
100%
Sapura Diving Services Sdn Bhd
99.69%
Sapura Petroleum Technologies Sdn Bhd
100%
SE Projects Sdn Bhd
100%
Malaysian Advanced Refurbishment Services Sdn Bhd
100%
Sarku Vessels Pte Ltd
94.44%
Sapura Power Services Sdn Bhd
30%
Geowell Sdn Bhd
36.24%
Subang Properties Sdn Bhd
100%
Energy Unlimited Sdn Bhd
100%
Sarku Resources Sdn Bhd
100%
Sarku Samudera Sdn Bhd
100%
Sarku Utama Sdn Bhd
100%
Sarku Semantan Sdn Bhd
100%
Sarku Sambang Sdn Bhd
100%
Sarku Engineering Services (Offshore) Sdn Bhd
100%
Sarku Engineering Services Sdn Bhd
100%
Sarku Marine Sdn Bhd
100%
Sarku 2000 Sdn Bhd
100%
Prominent Energy Sdn Bhd

Chairman's Statement

"Among the many highlights, I am pleased to mention that the Sapura 3000 had fulfilled all the expectations of one of the region's most technologically advanced deep-sea construction and pipelaying vessels."

Dear Shareholders,

It is my pleasure to report that the SapuraCrest Group of Companies (SapuraCrest or the Group) achieved a very good result for the financial year ended 31 January 2009 (FY 2009). The Group's revenue increased by RM1.2 billion or 53% to RM3.5 billion, compared to RM2.3 billion posted the previous year while profit after tax and minority interest stood at RM115.8 million representing a 47.9% increase compared to the RM78.3 million posted in the previous financial year.

The Group's back-to-back record financial performance is notable in light of the dismal state of the global economy. The economic slowdown impacted oil prices and the petroleum industry worldwide. Against this backdrop, the Group's strong performance reflects its fundamental strengths and the resilience of its business model. Among the many highlights, I am pleased to mention that the Sapura 3000 had fulfilled all the expectations of being one of the region's most technologically advanced deep-sea construction and pipelaying vessels. Deployed for the Kikeh deepwater development project in April 2008, she completed her work programme safely and on schedule while managing to set a record of having laid the deepest subsea pipeline in Asia.

SapuraCrest continues to move ahead from a position of strength. We have a growing order book, having secured close to RM3.1 billion in new contracts in FY2009. The most recent contract awarded is the deepwater offshore installation works at the Gumusut-Kakap field, worth almost RM3 billion. The 3- year contract awarded in March 2009, would require the laying of pipelines in water depths of up to 1,200 meters and will see the deployment of the Sapura 3000 yet again. The award of this contract has special significance for the Group. It is a reaffirmation of the trust and confidence that our clients have in us to undertake a job of this complexity and magnitude. This contract would also propel SapuraCrest to the next level of its expansion into higher technology services for the oil and gas industry.

While appreciating the achievements made to date, the Group will continue to navigate the more challenging economic environment by focusing its attention and resources towards optimising asset utilisation, enhancing cost savings and improving productivity. The Group remains on course to realise its vision of becoming a leading integrated oil and gas services provider in the region.

On behalf of the Board of Directors, I am pleased to present this annual report and the Financial Statements of the Group for the financial year ended 31 January 2009.

FINANCIAL PERFORMANCE >>

The Group's 4 main operational divisions were able to meet the set targets of fiscal improvements for the year under review. Profit before tax rose by RM110.2 million or 64.3% to RM281.6 million, compared to RM171.4 million recorded the previous year. Earnings from the Group's growing overseas operations continued to make a positive contribution, accounting for 25% of Group revenue.

The Installation of Pipelines and Facilities (IPF) and Offshore Oil and Gas Drilling (Drilling) divisions were the key drivers behind the Group's improved financial performance. Boosted by an increase in its activities during the year, IPF achieved a strong revenue growth of 84.7% in FY 2009 accounting for RM1.9 billion or 54.8% of Group revenue while the Drilling division recorded a growth of 28.2% which accounted for 26.3% of Group revenue. Our Marine Services and Operations and Maintenance (O&M) divisions contributed 17.8% and 1.1% respectively.

DIVIDENDS >>

The Group is committed to enhancing shareholder value and in line with our good performance, the Board of Directors has recommended a single-tier final dividend of 3 sen per share for the financial year ended 31 January 2009. This is subject to the approval of shareholders at the forthcoming Annual General Meeting.

Taking into account the single-tier interim dividend of 2 sen per share paid on 16 February 2009, the total dividend for the financial year ended 31 January 2009 would amount to 5 sen per share (25%) compared to 2 sen per share (10%) paid out in the previous financial year.

CORPORATE DEVELOPMENTS >>

The year saw the issued and paid up capital of the Company increasing from 1,168,349,391 ordinary shares of RM0.20 each to 1,193,833,841 ordinary shares of RM0.20 each via the following:

- Issuance of 2,472,660 new ordinary shares of RM0.20 each, pursuant to the exercise of share options under the Company's Employee Share Option Scheme (ESOS).
- Issuance of 23,011,790 new ordinary shares of RM0.20 each, pursuant to the exercise of warrants.

With the strong cashflow achieved during the year, SapuraCrest was able to complete the repayment of the Al-Bai Bithaman Ajil Islamic Debt Securities through the final repayment of RM45.0 million by Sapura Energy Sdn Bhd, a wholly-owned subsidiary of the Company.

During the year, SapuraCrest continued to build its capability while at the same time minimise its investment risk. This was done by teaming up with Quippo Prakash Marine Holdings Pte Ltd (Quippo) to construct a new medium lift cum pipelay vessel for its IPF division. The vessel is expected to complement the said division's existing marine capabilities and strengthen its position as a versatile solutions provider for its clients in the years to come.

OPERATIONAL HIGHLIGHTS >>

FY 2009 continued to be a busy and successful one for the Group's 4 main operating divisions. Several major jobs were completed and new projects were secured, ensuring a full order book for the coming year. The Group continued to press ahead with efforts to strengthen its operations across the board to improve its earnings potential.

Installation of Pipelines and Facilities

Building on the gains made in FY 2008, the IPF division was able to repeat its success with a solid performance on both the financial and operational fronts. Revenue increased by 84.7% to RM1.9 billion, generating an operating profit before financing costs of RM71.4 million. The better results were mainly due to the increased number of contracts awarded by the Group's clients compared to the previous financial year. This reflects the clients' continued trust in our capabilities. The improved terms and conditions of hybrid contracts negotiated with our clients and the benefits of utilising the Sapura 3000 were among the key factors contributing towards the division's improved performance.

One of the year's operational highlights was the timely fulfilment of the RM600 million contract for the Kikeh pipeline project. The project was undertaken by SapuraAcergy Sdn Bhd, a 50:50 joint venture company with the Acergy Group. Kikeh is Malaysia's first deepwater field and is being developed by Murphy Sabah Oil Co. Ltd. together with Petronas Carigali Sdn Bhd (PCSB). The scope of work involved the installation of a 138-kilometre (km), 12-inch diameter pipeline from the Kikeh field to an onshore processing facility at the island of Labuan. The work was performed at water depths of up to 1,400 metres. Despite an extensive work scope, Sapura 3000 completed her programme on schedule and without any untoward incident.

During the year, the division also completed the 2nd phase of an extension to an ongoing contract with PCSB, worth approximately RM3 billion, to provide supplemental works at its fields offshore Terengganu, Sabah and Sarawak. It also fulfilled a RM200 million 1-year extension contract awarded by ExxonMobil Exploration and Production Malaysia Incorporated (EMEPMI) for offshore works at the Tapis, Guntong and Jerneh fields off Terengganu. Another major undertaking was a RM500 million contract to transport and install platforms, bridges and intra-field pipelines for Carigali-PTTEPI Operating Company's (CPOC) Block B-17 field development project in the Malaysia-Thailand Joint Development Area (MTJDA). The Sapura 3000 was deployed to this project immediately after Kikeh.

The IPF division has also replenished its order book, with some RM551.8 million worth of new contracts secured in FY 2009, including:

- A contract awarded by Talisman Malaysia Ltd in February 2008 worth RM87.5 - RM105 million. The scope of work is for the provision of a pipelay/derrick barge for the installation of stalk-on risers for the Northern Fields development project.

- A 1-year RM120 million contract awarded in April 2008 by Sarawak Shell Berhad/Sabah Shell Petroleum Co. Ltd. (SSB/SSPC) for the transportation and installation of offshore facilities.

Going into FY2010, the most notable of the recent contracts secured by the IPF division is the award of the deepwater offshore installation works at the Gumusut-Kakap field from SSPC secured in March 2009, worth almost RM3 billion.

Offshore Oil & Gas Drilling

FY 2009 marked the Drilling division's third consecutive year of revenue growth and profitability. The addition of the drilling rig T-10 and the modernisation of the existing fleet have consolidated the Group's position as one of the leaders in Southeast Asia's offshore oil and gas drilling business.

All 5 of the division's fleet of self-erecting tender assisted rigs (SETRs) were contracted out throughout the year. Revenue generated amounted to RM905.6 million, which is 28.2% higher than RM706.6 million recorded previously. Operating profit before financing costs increased to RM261.7 million, a 75.5% improvement from RM149.1 million registered in FY 2008. The improved performance reflected the contribution of the T-10 rig, which immediately went into service at the MTJDA upon commissioning.

The rig T-3 has been contracted by PTT Exploration and Production Public Company of Thailand (PTTEP) to undertake an offshore development under a contract that runs until June 2012. The T-6 and T-10 drilling rigs were deployed to the MTJDA, where they are engaged in CPOC's and Carigali Hess Operating Company's (Carigali Hess) offshore drilling and development programmes while the Teknik Berkat drilling rig has been engaged by PCSB for their development drilling programmes. The T-9 drilling rig's development drilling contract with EMEPMI ended in January 2009, but has been extended by a further 3 years.

Marine Services

The Marine Services division turned in a satisfactory performance in FY 2009. Revenue grew by 27.3% to RM615.9 million from RM483.9 million recorded the previous year. However, due to higher operating cost, operating profit before financing costs declined to RM53.4 million from RM66.1 million achieved previously.

The division has long-term contracts with EMEPMI to provide a range of marine services. Under a 5-year contract that ends in 2010, it is involved in EMEPMI's topside maintenance programme for installations off the east coast of Peninsular Malaysia. In a separate contract, it is also providing EMEPMI with underwater inspection, repair and maintenance services for a duration of 3 years. Both contracts are valued at about RM210 million. Apart from these, the Division also completed a RM16 million contract awarded by PCSB to conduct survey works for the Malaysian Marine Research Survey Project.

Beyond Malaysia, the Division successfully completed all the survey works commissioned by PTTEP Myanmar, PTTEP Thailand and PTTEP Cambodia. These 1-year contracts have an estimated worth of RM27.2 million. In India, the Group provided survey services under a RM47.6 million, 16-month contract awarded in October 2007 by Allseas India, a major offshore services contractor.

Marine Services also had a successful FY 2009 in terms of securing the following new contracts:

- A RM800 million contract from SSB/SSPC for its hook-up, commissioning and maintenance services programme. Awarded in September 2008, the contract is for a duration of 4 years, with an option to renew for another year.

- A RM54 million contract from Talisman Malaysia Ltd for the charter of an engineering maintenance barge to carry out topside installation/commissioning activities at the Northern Fields Development Project.

- A RM87 million contract from the Singapore-based company, Emas Offshore, to install a Floating, Production, Storage and Offloading Facility in the Gulf of Thailand.

The Division already has a sizeable fleet comprising 7 marine support vessels, 4 survey vessels and 1 soil investigation vessel, 10 remote operated vehicles and 2 anchor handling tugboats (AHTs). These will soon be joined by at least 2 more vessels currently under construction.

Operations And Maintenance

FY 2009 was another profitable one for the Group's O&M division. Operating profit before financing cost grew by 31.7% to RM10.8 million, compared with RM8.2 million posted previously due to better margins secured.

The core of the division is made up of Sapura Power Services Sdn Bhd (SPS) and Malaysian Advanced Refurbishment Services Sdn Bhd (MARS). SPS has stamped its presence in the market as a provider of gas turbine services while MARS is positioning itself as the regional centre for repair and refurbishment of gas turbines and its components.

The division's overseas expansion drive resulted in MARS securing its first major order from India for the repair and refurbishment of gas turbine components. This foray into the Indian sub-continent marked the fourth overseas market penetrated by MARS in the last 3 years, the other markets being Vietnam, China and Indonesia.

HEALTH, SAFETY AND ENVIRONMENT >>

The Group has always ensured that it conducts its business operations in a socially and environmentally responsible manner. Health, Safety and Environment (HSE) is at the heart of the Group's operations and Management has implemented a HSE Management System that is regularly reviewed to ensure continuous improvements.

The Group's continuous improvement programmes consists of a range of initiatives and activities that include periodic risk assessment and risk management analysis; HSE audits and inspections; HSE management review on a quarterly and annual basis; senior management site visits; drills and simulation exercises; behavioural-based safety programmes; thematic campaigns (e.g. hands and fingers injury prevention) and workshops, seminars and talks.

At SapuraCrest, HSE is everyone's concern and this involves participation from the highest level of management to the many contractors and sub-contractors whom we employ. The Group subscribes to the principle of leadership by example and this is manifested in new programmes introduced in FY 2009. Senior management staff are now directly involved in investigating important HSE cases, whether it has already happened or as a proactive move to prevent untoward incidents from occurring.

Middle management staff will play their part by championing the various thematic campaigns, such as those organised to promote a healthy lifestyle or to protect the environment. This will ensure the maximum commitment of employees, sowing the seeds for a culture of involvement and participation.

Recognising that we rely on contractors and subcontractors in the Group's operations, we have set stringent procedures to ensure that they are HSE-compliant and compatible with the requirements of the Group's HSE Management System. In the procurement process of contracted services, only qualified contractors with an acceptable HSE record are short-listed. Whilst on the job, Contractors' HSE Workshops are held regularly, offering a useful platform for 2-way communication between project teams and contractors to monitor and gain feedback on HSE issues.

SapuraCrest operates in a very challenging HSE environment. Besides the inherent hazards of working offshore and meeting the tight schedules of work programmes with its cost implications, new risks are constantly emerging as operations are pushed into deeper waters and more remote areas. As a proactive measure to mitigate risks to health and safety, emergency drills are planned and implemented for each project that the Group undertakes. They are tailored for different settings, and cover a comprehensive range of emergency situations such as helicopter crash landing, rescue boat launch, man overboard, abandon ship, fire fighting and diver rescue, among other scenarios. In this way, we ensure that offshore workers are prepared to deal with any emergency situation that may arise.

In line with the Group's sharpened focus on every aspect of its operations, no discussion on HSE would be complete without mention of the Group's environment protection efforts. The world faces a range of environmental challenges on several fronts and the Group believes it has a moral and social responsibility to address these challenges to the best of its ability. Last year, the Group's focus was on managing behavioural change and attitudes towards environmental issues. An environmental campaign was launched at the main work barges, to create awareness and lay the foundation for an environment-conscious culture among employees. Sustainability is the key word in the way we conduct our operations and all employees are expected to play an active role in the Group's growing green movement.

Several companies within the Group have raised the bar on safety for others to emulate. Among the high achievers, TL Offshore Sdn Bhd lead the field by operating over 7.9 million man-hours without lost-time incident (LTI). This was followed by TL Geohydrographics Sdn Bhd and Sapura Energy Sdn Bhd both of which have been operating LTI-free for 8 and 5 years respectively.

For the past several years, the Group's efforts in HSE have been recognised among industry circles. Last year, the Group was awarded a number of HSE awards. This includes the coveted Petronas Carigali Group HSE Award 2008 and the CPOC HSE Excellence Gold Award. These awards were in recognition of the Group's outstanding HSE performance during the transportation and installation of offshore facilities work programme, achieving zero total recordable case frequency (TRCF) in executing PCSB projects and for efforts to share and promote HSE standards among PCSB contractors.

HUMAN RESOURCE DEVELOPMENT AND TRAINING >>

People drive the organisation. In its employees, the Group has a deep reservoir of knowledge, experience and motivation to achieve its vision. Training and people development is a fundamental and strategic activity that cuts across all the business sectors within the Group. In today's dynamic business environment, we are continually reviewing and reassessing our training programme and activities to keep pace with the needs of an evolving industry, underscored by rapid and ever-evolving technological advances.

For FY 2009, the Group budgeted approximately RM8 million for its staff training and developmental programmes focused on leadership development, occupational competency identification, technical specialist training and SapuraCrest training modules. These programmes have a 2-pronged objective: to equip individuals with additional knowledge so that they can perform existing tasks better, and also to identify potential high-performers and create a career path for them to succeed.

Besides oil and gas industry specific courses, the majority of the programmes offered on the training calendar is broad based. They cover a range of topics and areas such as project management, managerial skills, financial management, situational leadership, performance management and break-through thinking.

Other than classroom and modular training, the Group has benefited from the secondment of technical and non-technical personnel to Acergy Group, one of the world's leading deepwater specialists with more than 30 years of experience in the business. Our people have also gained hands-on experience working alongside their counterparts from Acergy and the Seadrill Group in the IPF and Drilling sectors. Working on the Sapura 3000 at Kikeh was a steep learning curve for our crew, but they have proven themselves equal to the task of operating in deepwaters.

The knowledge and experience gained from Kikeh will be invaluable as the Group gets set to undertake the Gumusut-Kakap project.

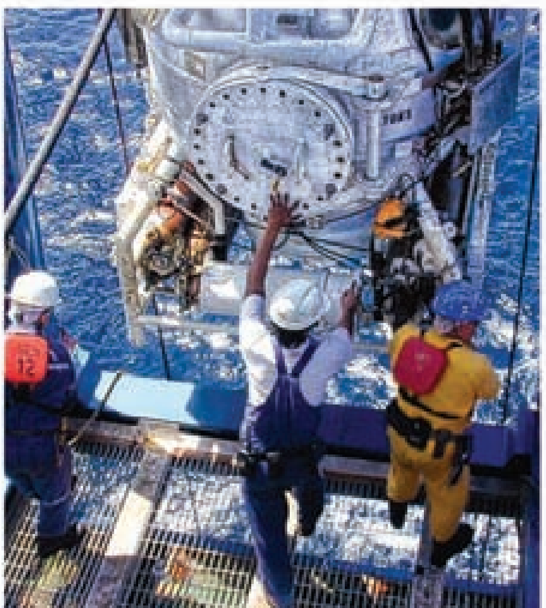
In the final analysis, the true strength of any organisation lies in its human capital. While the Group is rich in assets, we believe that our most valuable are the 2241 men and women who comprise our total staff strength. As a team, they are a formidable force and the importance of teamwork in the workplace group dynamics can never be over-emphasised.

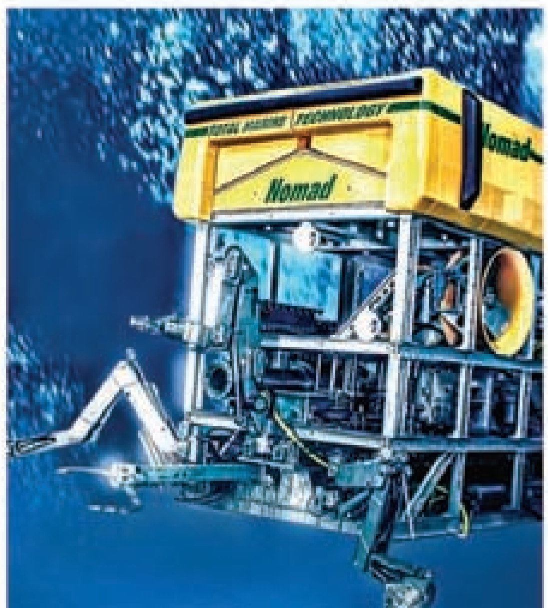
A SHARPER FOCUS

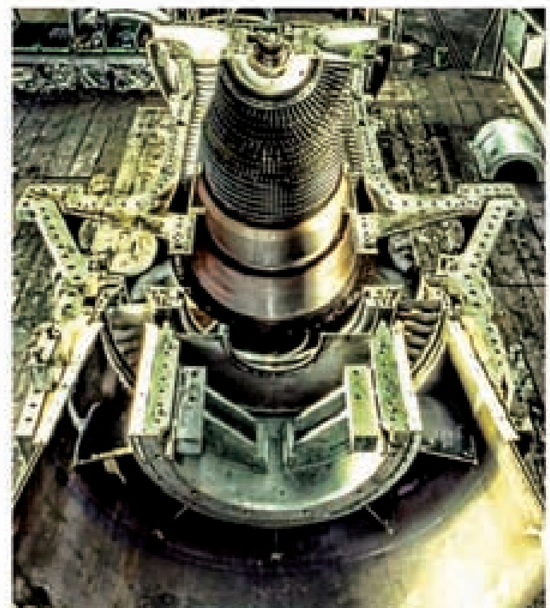
In staying the course, the Group is also focused on leveraging from the inherent strengths we have built up over the years to meet the challenges of a rapidly changing operating environment. Currently, the Group is in a much stronger position than it had been in the past.

Balance sheet strength

From the financial perspective, the Group has strong fundamentals as evidenced by the quality of its balance sheet. Over the years, we have also been practising strict financial







prudence, maintaining our gearing at a manageable level of approximately 1.0.

Strategic alliances and relationships

The Group counts among its strengths, the strategic alliances it has forged with some of the biggest names in the global oil and gas business such as Seadrill, Acergy, Larsen & Toubro (L&T) and most recently, Quippo. SapuraCrest enjoys a mutually beneficial relationship with its strategic partners, each party contributing their own considerable knowledge and experience to the partnership. Since May 2007, the Group's relationship with Seadrill has taken on a new dimension, with Seadrill emerging as a substantial shareholder in the Company.

The Group also benefits from the long-standing relationships it has cultivated with Petronas and the oil multinationals operating in Malaysia. It is a relationship based on trust and mutual respect, forged over the many years of working together to achieve a common goal. Our expanding customer base includes some 20 national oil companies, multinationals and oil majors. Each year, the list continues to grow as the Group's geographical reach continues to spread. This has contributed positively to improvements in earnings. The Group's overseas operations now cover Indonesia, Thailand, Russia, Australia, India, Myanmar, Vietnam, China, Cambodia and Madagascar. By keeping a sharper focus on all aspects of operations, paying particular attention to quality, cost, schedules and HSE, the Group has consolidated its brand name, reputation and track record.

Asset acquisition strategy

Carefully planned investments, such as the Sapura 3000 and the T-10 drilling rig, exemplify the success of the Group's asset acquisition strategy. The Group will continue to acquire key assets that will allow it to gain breakaway advantages towards the realisation of its vision to be a leading regional player. Having established the momentum, this would position the Group for the next thrust forward.

Since commissioning in February, the Sapura 3000 has had a very busy year. Other than its maiden Kikeh pipeline project, it has been contracted to work on at least 3 projects between now and 2012. Like the Kikeh contract, the addition of Sapura 3000 to the Group's asset stable was undoubtedly a key factor for the Group's success in securing the RM3 billion contract from SSPC to carry out offshore installation works at the Gumusut-Kakap field. This will be the vessel's second deepwater assignment in Malaysia, and will further enhance the Group's reputation in the deepwater segment of the business. Sapura 3000 also opens up fresh opportunities to tap into an expanding engineering, procurement, installation and commissioning (EPIC) market in Malaysia as well as regional markets.

Expanding vessel fleet

A heavy lift cum pipelay vessel (HLPV) is set to join the Group's stable of strategic assets. The HLPV, which is in the region of RM550 million to construct, is the product of a joint venture between SapuraCrest and L&T, an industry leader in the provision of fabrication, engineering and construction services in India. Construction of the HLPV has achieved 45 % completion, with delivery targeted to be by the end of 2009. When commissioned, it will increase the Group's capacity to meet demand in Southeast Asia and address the needs of the EPIC market in India and the Middle East. The HLPV is expected to be complemented by another vessel of the same type following the joint venture with Quippo.

The Group's dominance in the marine services regional market will be further consolidated with the addition of several more vessels. 1 ROV is currently being constructed under an in-house development and manufacturing programme carried out by Total Marine Technology Pty Ltd (TMT), our Australia-based subsidiary. Besides the ROVs, FY 2010 will also see the Group take delivery of a new accommodation barge called the Sarku 300, a new soil investigation vessel and 1 new 12-man Saturation Diving System (SAT).

Cost/resources optimisation programme

No one knows for sure how deep or how long the economic downturn will be. The Group is therefore adopting a cautious stance by putting in place guidelines and measures to optimise costs and resources. These measures are aimed at rectifying the deficiencies in the procedures in place that lead to unnecessary expenditure, inefficiencies and downtime.

OUTLOOK & PROSPECTS >>

The general consensus regarding the outlook of the global economy is that the global business environment will continue to be difficult. The World Bank has predicted in March 2009, that the global economy will shrink for the first time since the 1940s. The Malaysian Government has revised its own forecast, expecting growth for 2009 to be between –1% and +1%.

Despite the grim outlook , the good news is that the world is acting in concert to pull global economies back from the brink. The Euro Zone countries and the United States have pledged to inject some USD3 trillion into the financial system. Our own Government has unveiled a fiscal stimulus package amounting to RM60 billion to build up resilience and prevent the economy from slipping into recession.

Despite the dismal economic environment, the Group is looking towards achieving satisfactory growth. Our order book of almost RM5 billion has been maintained at last year's level and this will keep us occupied for some time. We are encouraged that Petronas and the major production sharing contractors have indicated that there will be no significant cuts in capital expenditure (CAPEX) spending in the immediate term. The national oil corporation has pledged that it will continue to invest actively in 2009 and its capital expenditure is estimated to be between 5% and 10% higher than the RM37.6 billion spent in 2008. By 2012, Petronas's CAPEX spending would rise to RM43.2 billion, largely due to increased deepwater exploration and drilling activities.

Since the maiden discovery of Kikeh in 2002, Malaysia now has at least 26 deepwater fields. The development of the Gumusut-Kakap field, the country's second deepwater project is set to commence. The RM3 billion contract will be executed over a 3-year period beginning 2009, and will significantly boost the Group's margins and bottomline performance starting from the current financial year.

The Kikeh and Gumusut-Kakap fields are estimated to hold 15% to 30% of Malaysia's total oil reserves. Kikeh has already been producing oil since the second half of 2007, while Gumusut-Kakap is scheduled to come onstream in 2012. 6 other deepwater fields have been earmarked for development, thus boosting demand for deepwater drilling vessels, AHTs and other offshore support vessels.

Our other core divisions are also expected to provide the Group with steady earnings. All 5 SETRs and most of Marine Services' vessels are employed under existing contracts. Marine Services has a term contract with SSB/SSPC that will end in 2012, and it has secured work orders from new clients such as Kebabangan Petroleum Operating Company and Pearl Energy of Indonesia.

All 5 operating divisions have increased efforts towards optimising costs and resources. Closer attention will be paid to improving margins, improving efficiency, while enhancing service delivery. They are also focused on strengthening market presence and expansion by teaming up with strategic partners.

ACKNOWLEDGEMENTS >>

We have become accustomed to taking challenges in our stride. This is attributed to the professionalism, commitment and efforts of management and staff. The Group is able to face these uncertain times with confidence, because we know that as a team, we will go far in shaping our corporate future.

In times like these, we are grateful for the support we have received from so many quarters. These include our various stakeholders, clients, business associates, financiers, government authorities and agencies. Not to be forgotten are our shareholders and our growing list of customers, especially Petronas. Your trust and confidence in our ability to deliver has made all the difference in a challenging year.

On behalf of the Board of Directors, I am pleased to welcome Encik Shahriman Shamsuddin who was appointed to the Board as a Non-Executive Director on 1 August 2008. We look forward to benefiting from his fresh insights and contributions to the Company. My fellow members on the Board have always been generous in lending their support and sharing their knowledge and wise counsel.

I thank all of you. SapuraCrest is still a work in progress with many more chapters and pages to be filled. I count on your continued support as we achieve a sharper focus and take the Group to even greater heights.

DATO' HAMZAH BAKAR
Chairman

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1. Short-term Energy Outlook, Energy Information Administration, 13 January 2009
2. Opening Address to the 152nd Meeting of the OPEC Conference, 15 March 2009
3. OPEC Estimate for World Oil Demand Stays Unchanged, Reuters, 17 March 2009
4. SapuraCrest Bags RM3b Contract, New Straits Times, 18 March 2009
5. EIA Lowers 2009 World Oil Demand Forecast, Reuters UK, 13 January 2009
6. Worldwide Look at Reserves and Production, Oil & Gas Journal, 22 December 2008
7. BP Statistical review of World Energy, June 2008
8. Upstream Oil and Gas Investments touch USD204bn, Emirates Business, 22 January 2009
9. Paving the Way for Future Price Stability, OPEC Commentary, December 2008
10. Spillover effects of O&G industry, The Star Online, 21 July 2008
11. Still Going Strong, The Star, 18 October 2008

Professional >>

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

Board of Directors

Dato' Hamzah Bakar
Non-Independent Non-Executive Chairman

Datuk Shahril Shamsuddin
Executive Vice-Chairman

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

Dato' Fauziah Dato' Ismail
Independent Non-Executive Director

Gee Siew Yoong
Independent Non-Executive Director

Tan Sri Ibrahim Menudin
Independent Non-Executive Director

Shahriman Shamsuddin
Non-Independent Non-Executive Director

Mohamed Rashdi Mohamed Ghazalli
Independent Non-Executive Director

Directors' Profile

Dato' Hamzah Bakar

(Non-Independent Non-Executive Chairman)

Dato' Hamzah Bakar, aged 65, a Malaysian, was appointed to the Board of SapuraCrest on 4 July 2003 as a nominee of Sapura Technology Berhad. He was then appointed as Chairman of the Company on 25 July 2003. He is also the Chairman of the Company's Nomination, Remuneration and Option Committees.

Dato' Hamzah holds a Bachelor of Science (Hons) in Economics from Queen's University Belfast, UK and a Master of Arts in Public Policy and Administration with Development Economics from the University of Wisconsin, USA.

Dato' Hamzah has served 20 years in various senior management and board positions in Petroliam Nasional Berhad ("Petronas"), including Senior Vice President for Refining and Marketing and Senior Vice President for Corporate Planning & Development. Prior to joining Petronas, Dato' Hamzah served in the Economic Planning Unit (EPU), Prime Minister's Department for 12 years.

Currently, Dato' Hamzah is also on the Board of Bumiputra-Commerce Holdings Berhad, SCOMI Group Berhad and CIMB Investment Bank Berhad.

Datuk Shahril Shamsuddin

(Executive Vice-Chairman)

Datuk Shahril Shamsuddin, aged 48, a Malaysian, is the President and Chief Executive Officer of the Sapura Group – a group of companies in the businesses of oil & gas services, secured communications technologies, industrial and automotive component manufacturing, education and premium automotive retail.

Datuk Shahril has held several senior positions in the Sapura Group since 1985 and assumed the helm as Group President and CEO in 1997. He was instrumental in restructuring Sapura Group's financials and its portfolio of businesses. Aligned with the Group's strategies he has made several key acquisitions of companies and technologies and the strategic disposal of some assets and businesses.

Datuk Shahril was appointed to the Board of SapuraCrest Petroleum Berhad on 24 February 2003 as a Non-Executive Director and was subsequently appointed as the Executive Vice-Chairman on 25 July 2003. He is also a member of the Company's Remuneration and Option Committees.

An outward-facing CEO, Datuk Shahril is acknowledged as an innovator at heart. His reputation is hallmarked by his entrepreneurship and profound passion for technology development and unwavering conviction for nation-building. An innovator with keen business acumen in assessing the commercial potential of technologies, Datuk Shahril takes keen interest in the details of key technologies, bringing Sapura to greater heights in the technology front.

Appointments held by Datuk Shahril presently include Executive Vice Chairman of SapuraCrest Petroleum Berhad, Deputy Chairman of Sapura Industrial Berhad, Non-Executive Director of Sapura Resources Berhad and President and CEO of Sapura Secured Technologies, a privately held division of the Sapura Group. Beyond the Sapura Group, Datuk Shahril's other present appointments include serving as a Board Member of the Malaysian External Trade Development Corporation (MATRADE), the Multimedia Development Corporation Sdn Bhd (MDeC) and the Board of Trustees of the Perdana Leadership Foundation.

Among the awards and honors that Datuk Shahril has received include the Panglima Jasa Negara (PJN) from the Federal Government of Malaysia which carries the title "Datuk" (June 1998), Darjah Seri Paduka Tuanku Ja'afar (SPTJ) from Negeri Sembilan, Malaysia, which carries the title "Dato' Seri" (July 2007) and the Legion d Honneur from the Republic of France (November 2007).

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

Tan Sri Datuk Amar (Dr.) Hamid Bugo

(Independent Non-Executive Director)

Tan Sri Datuk Amar (Dr.) Hamid Bugo, aged 63, a Malaysian, was appointed to the Board of SapuraCrest on 25 July 2003. He is also a member of the Company's Nomination, Remuneration and Audit Committees.

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 and a Postgraduate Certificate in Business Studies from Harvard Institute of Development Studies, U.S.A. He was honoured with a Ph.D. (in Commerce) by Lincoln University, New Zealand.

Tan Sri Hamid has served in both the private and public sectors. He was Administration Manager of Malaysia LNG Sdn. Bhd. (a joint venture of Petronas, Shell and Mitsubitshi) and General Manager of the Land Custody and Development Authority, Sarawak.

Tan Sri Hamid held the post of State Secretary of Sarawak from 1992 to 2000. As State Secretary he represented the State Government in various companies and statutory bodies including Malaysian Airline System Bhd, Malaysia LNG Sdn. Bhd., Employees Provident Fund, University Malaysia Sarawak and University Pertanian Malaysia.

Currenly Tan Sri Hamid sits on the board of several companies and organisations, including Superlon Holdings Bhd, Sarawak Concrete Industries Bhd., Tradewinds Corporation Bhd., Permodalan Sarawak Berhad, X-Fab Silicon Foundries NV, Belgium, State Library Sarawak, Lembaga Amanah Kebajikan Sarawak and Yayasan Kemajuan Insan, Sarawak. He is a council member of the Institute of Integrity Malaysia and a member of Eminent Persons Group, EPG for Malaysia-Indonesia. He is also a member of the Malaysian Anti Corruption Commission.

Tan Sri Ibrahim Menudin

(Independent Non-Executive Director)

Tan Sri Ibrahim Menudin, aged 61, a Malaysian, was appointed to the Board of SapuraCrest on 22 November 2007.

Tan Sri Ibrahim graduated with a Bachelor of Commerce from University of Western Australia. He is a Fellow of The Institute of Chartered Accountants in Australia, member of Malaysian Institute of Certified Public Accountants as well as the Malaysian Institute of Accountants.

He began his career in the Sabah State Civil Service and became the Accountant General of Sabah from 1976 to 1979. In 1980, he resigned from the Service to become the Chief Executive Officer of Bumiputra Investment Fund of Sabah until 1985. During his tenure there, he had also served as the Chairman of Sabah Gas Industries Sdn Bhd, Deputy Chairman of Sabah Forest Industries Sdn Bhd and was a board member of other Sabah Government corporations involved in finance, forestry, manufacturing, plantations, hotel and property development.

From August 1985 until 31 October 2001, Tan Sri Ibrahim was an Executive Director and the Group Chief Executive of Malaysia Mining Corporation Berhad. He was also the Chairman of Malaysia Smelting Corporation Berhad, Gas Malaysia Sdn Bhd and Malakoff Berhad and a Board Member of Ashton Mining Limited (Australia) and Plutonic Resources Ltd (Australia).

Tan Sri Ibrahim was also the Special Advisor to the Chief Minister of Sabah from February 2002 until March 2004.

Currently, Tan Sri Ibrahim is the Chairman of Suria Capital Holdings Berhad and the Advisor to the Sabah Forestry Development Authority (SAFODA).

Directors' Profile (cont'd)

Dato' Fauziah Dato' Ismail

(Independent Non-Executive Director)

Dato' Fauziah Dato' Ismail, aged 66, a Malaysian, was first appointed to the Board of SapuraCrest on 22 October 2001 as a nominee of UEM Land Berhad (previously the holding company of SapuraCrest) and has remained on the Board since then save for a brief duration between 17 July 2003 to 24 July 2003. Dato' Fauziah is a member of the Company's Audit and Option Committees.

Dato' Fauziah holds a Bachelor of Arts (Honours) from University of Malaya, a postgraduate Diploma in Development Administration from the London School of Economics & Political Sciences, and a Master in Public Administration from the University of Houston, USA. She also attended a certificate course at Harvard Institute of International Development (HIID) of Harvard University, USA in Public Enterprise Management and Privatisation.

Dato' Fauziah served in the Malaysian Administration and Diplomatic Services from 1966 to her retirement in 1997 in various positions and capacities. She served, amongst others, in the Public Services Department, the Prime Minister's Department and the Ministry of Rural Development. In her job at the Implementation Unit of the Prime Minister's Department, she was involved in the administration of the Petroleum Development Act in developing Malaysia's petroleum industry, including the development of Bumiputera participation in the industry.

Currently, Dato' Fauziah is also on the Board of KAF-Seagroatt & Campbell Berhad and CCK Consolidated Holdings Berhad.

Gee Siew Yoong

(Independent Non-Executive Director)

Ms Gee Siew Yoong, aged 59, a Malaysian, was appointed to the Board of SapuraCrest on 4 December 2001. She is also the Chairman of the Company's Audit Committee.

Ms Gee is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. She started out her career with Price Waterhouse in 1969. She left in 1981, her last position being the Senior Audit Manager and Continuing Education Manager. She then joined the Selangor Pewter Group as Group Financial Controller during which period she was seconded to the United States of America from 1983 to 1984 as Chief Executive Officer of Senaca Crystal Inc., a company in the Selangor Pewter Group undergoing re-organisation under Chapter XI of the U.S. Bankruptcy Code. Subsequently from 1985 until 1987, she became the Personal Assistant to the Executive Chairman of the Lipkland Group.

In 1987, Ms Gee was appointed by Bank Negara Malaysia as the Executive Director and Chief Executive of Supreme Finance (M) Berhad, a position she held until 1991. Ms Gee later served with Land & General Berhad from 1993 to 1997 as Group Divisional Chief, Management Development Services before joining Multi-Purpose Capital Holdings Berhad from 1997 to 1999 as Executive Assistant to the Chief Executive. During this period, Ms Gee was also a Director of Multi-Purpose Bank Berhad, Multi-Purpose Insurans Berhad and Executive Director of Multi-Purpose Trustee Berhad.

Currently, Ms Gee does not hold any directorship in other public companies.

Mohamed Rashdi Mohamed Ghazalli

(Independent Non-Executive Director)

Encik Mohamed Rashdi Mohamed Ghazalli, aged 52, a Malaysian, was appointed to the Board of SapuraCrest on 14 November 2003. Encik Rashdi is also a member of the Company's Nomination Committee.

Encik Rashdi has over 30 years working experience in the IT industry and consulting. He began his career in 1979 with Telecoms Malaysia as a Systems Analyst and was involved in the planning and implementation of its computer systems. He then joined the Sapura Holdings Group in 1983 as part of the team to build and develop its IT business. In 1989, he moved to Coopers & Lybrand as a Manager in the Consultancy Division. He became a Partner of the Regional Consultancy Practice in 1995 overseeing the operations of its Kuala Lumpur office.

With the merger of Coopers & Lybrand and Price Waterhouse in 1998, Encik Rashdi joined PwC Consulting with responsibility for the government and services industry. In 2002, when IBM World Trade Corporation acquired the consulting business of PricewaterhouseCoopers, Encik Rashdi accepted the position of Partner with IBM Business Consulting Services. He left IBM in 2005 and now acts as an adviser on IT services for a number of organisations. As a Management and IT Consultant, he has led assignments in strategy development, performance improvement, IT Planning and implementation with a focus on the government's telecoms, transport and utility sectors.

Currently, Encik Rashdi is also on the Board of MIMOS Berhad.

Shahriman Shamsuddin

(Non-Independent Non-Executive Director)

Encik Shahriman Shamsuddin, aged 40, a Malaysian, was appointed to the Board of SapuraCrest on 1 August 2008.

Encik Shahriman manages a diversified group portfolio which encompasses automotive, education and premium retail. He started his career in 1991 holding a number of senior key positions within the Sapura Group. Currently, he is the Managing Director of Sapura Resources Berhad and also a Director of Sapura Industrial Berhad, Sapura Technology Berhad and Sapura Holdings Sdn Bhd.

Encik Shahriman holds a Master of Science in Engineering Business Management from Warwick University and a Bachelor of Science in Industrial Technology from Purdue University, USA.

ADDITIONAL INFORMATION ON BOARD OF DIRECTORS

1. **Family relationship with Director and/or Major Shareholder**
   None of the Directors of the Company have any family relationship with the other Directors and/or major shareholders of the Company except for Datuk Shahril Shamsuddin and Encik Shahriman Shamsuddin who are brothers and who are deemed to have an indirect interest of 40.3% in SapuraCrest as at 8 May 2009 pursuant to Section 6A of the Companies Act, 1965 by virtue of their direct and indirect interests in Sapura Technology Berhad and Sapura Holdings Sdn Bhd group of companies.

2. **Conflict of Interest**
   None of the Directors of the Company have any conflict of interest with the Company.

3. **Convictions for Offences**
   None of the Directors of the Company have any conviction for offences within the past 10 years.

4. **Attendance at Board Meetings**
   The Board of Directors' attendance record at Board Meetings held during the financial year ended 31 January 2009 can be found on page 46 of this Annual Report.

Chief Executive Officer's Profile

Zainol Izzet Mohamed Ishak

Chief Executive Officer

Encik Zainol Izzet Mohamed Ishak, aged 48, a Malaysian, was appointed as the Chief Executive Officer of SapuraCrest on 7 July 2003.

Encik Izzet holds a Bachelor of Arts in Actuarial Studies from Macquarie University, Sydney, Australia and a Master in Business Administration from the Cranfield Business School, United Kingdom.

He began his career as a Consultant with Hymans Robertson & Co., Consulting Actuaries, London in 1982. He then joined Messrs Kassim Chan & Co. in 1985 as a Management Consultant. Encik Izzet then left the field of consultancy in 1988 to join Seccolor (M) Industries as its General Manager, a position he held until 1992.

His involvement in the Sapura Group of Companies began in 1992 with his appointment as its General Manager of Corporate Planning, where he was responsible for the strategic planning and business development of the Group. In 1994, he was then appointed as Chief Executive Officer of Sapura Digital Sdn Bhd, one of the pioneer operators of digital cellular phone (ADAM) in the country. Following the sale of Sapura Digital Sdn Bhd by the Sapura Group, he was appointed as Senior Vice-President of the Energy Division within the Sapura Group before assuming his present position with SapuraCrest.

Currently, Encik Izzet does not hold any directorship in other public companies.

Encik Izzet does not have any family relationship with any of the Directors and/or major shareholders of the Company nor has he any conflict of interests with the Company. He also has no conviction for offences within the past 10 years.

As at 8 May 2009, 1,981,000 options were granted to Encik Izzet pursuant to the Company's Employee Share Option Scheme. Save for the said options, Encik Izzet has no other interest in the securities of the Company and/or its subsidiaries for the financial year ended 31 January 2009.

Honourable >>

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


For Information

Corporate Calendar

29 MAY 2008 >>

Announcement of the Company's Audited Financial Statements for the financial year ended 31 January 2008.

8-10 JUNE 2008 >>

Participation in the 13th Annual Asia Oil & Gas Conference.

10 JUNE 2008 >>

Announcement by TL Offshore Sdn Bhd, a wholly-owned subsidiary of the Company, of its increase of its stake in Total Marine Technology Pty Ltd ("TMT") from 90% to 94% of TMT's entire paid-up capital. TMT is an Australian based company specialising in the design, manufacture and operation of Remote-Operated Vehicles for the oil and gas industry.

24 JUNE 2008 >>

Announcement of unaudited 1st Quarter Financial Results for financial year ended 31 January 2009.

1 JULY 2008 >>

Convening of the Company's 29th Annual General Meeting.

1 AUGUST 2008 >>

Appointment of Encik Shahriman Shamsuddin as a Non-Independent Non-Executive Director of the Company.

1 AUGUST 2008 >>

Announcement of the Joint Venture with Quippo Prakash Pte Ltd and AP Prakash Shipping Company Pte Ltd for the construction and financing of a new build heavy lift cum pipelay vessel.

15 SEPTEMBER 2008 >>

The grant of a Letter of Award by ExxonMobil Exploration and Production Malaysia Inc. ("EMEPMI") extending the duration of the 2001-2006 contract for the provision of the tender assisted rig, the T-9 for EMEPMI's drilling project. The contract extension is valued at approximately USD152 million.

16 SEPTEMBER 2008 >>

The grant of a Letter of Award from Sarawak Shell Berhad/Sabah Shell Petroleum Company Limited for the provision of hook-up, commissioning and major maintenance services for Work Package B for a 4 year duration to Sarku Engineering Services Sdn Bhd. The contract is valued at between RM700 million to RM800 million.

16 SEPTEMBER 2008 >>

Announcement of unaudited 2nd Quarter Financial Results for financial year ended 31 January 2009.

11 & 12 NOVEMBER 2008 >>

In-house training for all Directors of the Sapura Group.

10 DECEMBER 2008 >>

Announcement of unaudited 3rd Quarter Financial Results for financial year ended 31 January 2009.

10 DECEMBER 2008 >>

Declaration of an interim single-tier dividend of 2.0 sen per share for the financial year ended 31 January 2009.

3-5 DECEMBER 2008 >>

Participation in the International Petroleum Technology Conference.

9 -18 JANUARY 2009 >>

Launch of Capacity Building Program, an educational volunteer programme involving the employees of the Company, for the educational development of orphans at the Rumah Anak Yatim Sapura in Acheh.

10 FEBRUARY 2009 >>

Signing of Letter of Intent for the Long Term Services Agreement for Gas Turbines and Rotating Equipment with Petronas.

18 FEBRUARY 2009 >>

Expiry of the Company's Warrants which were issued by the Company on 19 February 2004.

19 FEBRUARY 2009 >>

Blood Donation Drive held at Sapura Headquarters.

12 MARCH 2009 >>

Announcement of unaudited 4th Quarter Financial Results for financial year ended 31 January 2009.

12 MARCH 2009 >>

Announcement of a recommendation of a single-tier final dividend of 3 sen per ordinary share for the financial year ended 31 January 2009. The recommendation is subject to the approval of shareholders at SapuraCrest's 30th Annual General Meeting.

Corporate Social Responsibility

"MORE THAN A CATCH-PHRASE" >>

Corporate social responsibility or CSR has been an integral but largely unheralded part of an organisation's corporate strategy until fairly recently. Even so, it was executed purely as a feel-good factor and in its narrowest sense by simply writing a cheque to charitable organisations. All this started to change as a more enlightened public began calling for its integration into mainstream business. Heeding this clarion call, Bursa Malaysia launched in 2006, a CSR framework for Corporate Malaysia to ensure the sustainability of its business model.

As defined by the framework, CSR is more than performing good deeds or simply donating money to charities. It takes on a more holistic approach, factoring in socially responsible policies, practices and programmes into decision-making and business operations. In short, CSR is about institutionalising a way of doing business with a sustainable base for future earnings and operations. Corporate Malaysia is slowly realising the tangible business value of CSR in terms of building brand equity and goodwill among stakeholders.

The Sapura Group has embraced Bursa Malaysia's holistic CSR philosophy and framework, long before it was launched. The most visible manifestation of the Group's commitment is the Shamsudin Abdul Kadir Foundation, named after and established by the Chairman and Founder of the Sapura Group of Companies. This Foundation serves as a vehicle for the Group's outreach programme to improve the lot of local communities, especially those who are under-privileged or economically challenged. One of the most meaningful is our continuing efforts in the recovery and rehabilitation of Acheh province in Indonesia, following the tsunami disaster in 2004.

As part of the Acheh rehabilitation programme, the Group is now into its third year of funding the operations of the Rumah Anak Yatim Sapura (Sapura Orphanage). The orphanage is home to 90 children between the ages of 10 and 18, and is operated by a staff of 20.

Both management and staff of the Sapura Group have taken the orphans we are sponsoring to their hearts and are actively involved in their well-being. In June 2008 and January 2009, the Group organised a Capacity Building Programme (CBP) the objective being to improve the living skills of the children and young adults. Each week-long programme focused on improving their knowledge and grasp of English, Computer Applications and Mathematics. Twelve employees from the Group volunteered their time to participate in the CBP. Regular visits are carried out by a Sapura team to look into the health, education, safety and general welfare of the orphans. The team also ensures that the funds allocated are appropriately channelled for the benefit of the children.

Apart from education, the field of sports is another strong pillar of the Group's CSR programme. We are firm believers in the maxim that working hard must be counter balanced by playing hard. This has taken the Sapura hockey team all the way to one of the top three hockey clubs in Malaysia. It was a testament to our hockey talents when we were chosen by Malaysia Hockey Federation to represent Malaysia in the 1st Asia Indoor Hockey Tournament in December 2008. We take pride that our team kept the Sapura and Malaysia banner flying high, demonstrating sportsmanship, team-spirit, true grit and determination on the field. Besides our own hockey team, the Group also supported other sporting events such as the Negeri Sembilan Wanderers Rugby Charity Golf Sunday, Mount Kinabalu Charity Climb, Futsal National Grand Finals and the Kuala Lumpur Rat Race 2008.

Bringing festive cheer to the less fortunate has also become an annual feature on our CSR calendar and 2008 was no exception. Management and staff were on hand to share the festive joy with children from several orphanages. In conjunction with the holy month of Ramadhan, cash donations were also given to 25 mosques and suraus.

In our CSR programme, it is important that we take care of our own. Children of employees who have passed away whilst in service are 'adopted' by the Group and receive a monthly stipend of RM100.00 until they have completed their secondary school education. Management is also aware that the cost of living in the city has risen over the last year because of rising fuel prices. To ease the burden of certain categories of non-executive staff, their children have received a cash voucher along with a supply of stationery items.

Last year, the Group supported many other worthy causes such as the Autism Charity Awareness Campaign, 'Music for Hope' fund raising concert, and the National Heart Institute (Institut Jantung Negara). To cement camaraderie and networking among the oil and gas fraternity, the Group has sponsored the 13th Oil & Gas Conference, 18th Annual Oilmen's Gala Dinner, Malaysian Petroleum Club and the Kuala Lumpur Section of the Society of Petroleum Engineers. We also joined Malaysians from all walks of life to celebrate Independence Day on 31 August with an advertisement spread in two daily newspapers. This is our way of showing our allegiance to the nation and its people.

'Gotong Royong' or self-help campaigns have always been part of the Malaysian social fabric. Sapura staff kept this tradition alive and well when they organised a Gotong Royong to collect funds and donations in kind for an orphanage-cum-school in the northern state of Perak. Some 30 staff members went to the school and in true communal spirit, cleaned up the school's compound, repaired and painted the school and hostel. The Sapura team have also been generous in giving the gift of blood. Two blood donation campaigns were organised in 2008, and the turn-out was most impressive.

Looking at the bigger picture, it is in the carrying out of our daily operations that we are making the biggest CSR contributions. Through the multiplier effect, we bring an array of benefits to the national economy. In all the projects we undertake, it is the Group's policy to maximise the use of local manpower and resources, and in doing so, promote technology transfer and the development of local talent. Each new contract the Group secures creates new employment opportunities and maximise local procurement in the country. In this way, we benefit all those smaller companies down the line who depend on companies like Sapura for business.

Fulfilling our corporate social responsibility will always be Sapura Group's operating philosophy. After all, we are all here to achieve and change to gain stability in our dealings, prosperity and to achieve a better quality of life for us and our stakeholders. Though our CSR has evolved over the years, the one thing that has not changed is our genuine desire to make a difference.

Resourceful >>

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

Corporate Governance Statement

The Board of Directors recognises the importance for the Company to maintain high standards of transparency, accountability and integrity, in line with the Principles and Best Practices of the Malaysian Code on Corporate Governance (Revised 2007) ("the Code").

Set out below is the Corporate Governance Statement of the Company, stating how the Company has complied with and applied the Principles and Best Practices of the Code during the financial year ended 31 January 2009.

THE BOARD OF DIRECTORS >>

The Company is led and controlled by a team of competent and effective Board Members. As stipulated by its Board Charter, the responsibilities of the Board include reviewing the strategic action plan for the Company, reviewing the adequacy and integrity of the Company's internal control system, ensuring a satisfactory framework of reporting on internal financial controls and regulatory compliance, establishing policies for strengthening the performance of the Company, monitoring the performance of senior management, determining the succession plan of senior management and ensuring that the Company adheres to high standards of ethics and corporate behaviour.

The Board Charter also provides descriptions of responsibilities undertaken by the Chairman, the Executive Director and the Board as a whole. Under the Charter, the roles of the Chairman and the Executive Vice-Chairman (being the Executive Director of the Company) are separate. The Chairman's responsibility, among others, is to provide overall leadership to the Board. The Executive Vice-Chairman, together with the Chief Executive Officer, is responsible for ensuring that the Company's corporate and business objectives are met. This clear division of responsibilities between the Chairman and the Executive Vice-Chairman ensures an effective balance of empowerment and authority.

The Board currently comprises five (5) Independent Non-Executive Directors and three (3) Non-Independent Directors, which exceeds the minimum requirement under paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), which stipulates that at least one-third (1/3) of the Board is to consist of Independent Directors.

The Board members, in addition to being persons of high calibre and credibility, also possess the necessary skills and experience in bringing independent judgment to issues discussed by the Board. The diversity of the Directors' background from the fields of engineering, information technology, accounting, management and public administration, and their experience accumulated while serving both in private and government sectors, brings to the Board the necessary range of expertise and experience required by the Board to effectively perform its functions. Details of each individual Director's professional background and qualifications can be viewed in pages 30 to 33 of this Annual Report.

The members of the Board comprises Dato' Hamzah Bakar (Non-Independent Non-Executive Chairman), Datuk Shahril Shamsuddin (Executive Vice-Chairman), Tan Sri Datuk Amar (Dr.) Hamid Bugo (Independent Non-Executive Director), Tan Sri Ibrahim Menudin (Independent Non-Executive Director), Dato' Fauziah Dato' Ismail (Independent Non-Executive Director), Ms Gee Siew Yoong (Independent Non-Executive Director), Encik Mohamed Rashdi Mohamed Ghazalli (Independent Non-Executive Director) and Encik Shahriman Shamsuddin (Non-Independent Non-Executive Director).

The number of Non-Independent Directors, as appointed by the largest major shareholder of SapuraCrest, adequately reflects their interest in the Group.

APPOINTMENT TO THE BOARD >>

The Code has recommended a formal and transparent procedure for the appointment of new Directors to the Board. For this purpose SapuraCrest has a Nomination Committee made up exclusively of Non-Executive Directors, the majority of whom are independent. The Terms of Reference of the Nomination Committee incorporates the Best Practices provisions relating to the appointment of new Directors as contained in the Code. The Committee comprises Dato' Hamzah Bakar as Chairman, together with Tan Sri Datuk Amar (Dr.) Hamid Bugo and Encik Mohamed Rashdi Mohamed Ghazalli as members of the Committee.

Although the actual decision as to who shall be appointed as Director lies ultimately with the Board as a whole, the Nomination Committee is responsible for proposing new nominees to the Board, and to assess Directors on an on-going basis. Based on the Committee's recommendation, the Board has agreed on a set of guiding principles to assist the Board with regard to evaluating the Board's mix of skills and experience, as well as the assessment of the size of the Board in relation to its effectiveness.

INDUCTION AND TRAINING PROGRAMME >>

The Company's Board Charter provides for newly appointed Directors to receive the benefit of an induction programme aimed at deepening their understanding of the Company. All Non-Executive Directors appointed to the Board have participated in the programme.

The Board acknowledges that continuous education and training is vital towards building and enhancing the necessary skills required in performing their duties as Directors. In evaluating and determining the training needs of the Directors, the Board recognises that such continuing training encompasses the need to gain insights into, comprehending, and meeting the challenges arising from the evolving needs and demands of the industry as well as from technological advancements, regulatory updates and management strategies. The building of such skills and its continuing enhancement is met not just by attendance at programmes, seminars and briefings but also through industry issue dialogues, investor communication and relations and a constant general perceptiveness of relevant issues affecting the Company, its industry and its regulatory environment.

The training programmes, seminars and/or conferences attended by the Directors for the financial year ended 31 January 2009 are as follows:

- 13th Annual Asia Oil & Gas Conference
- 2nd International CEOs Conference 2008 - Managing Sustainable Growth & Competitiveness in the Globalised Era
- Directors' Development Programme
- Integrating change linking employee loyalty & brand image
- How to strike the right chord with investors
- Forensic auditing
- Managing Stress
- Directors' Duties and Liabilities - Beyond Compliance
- Directors' Performance Evaluation - Building A High Performance Board Post Election Scenario

RETIREMENT AND RE-ELECTION >>

The Code has recommended that all Directors submit themselves for re-election at regular intervals, or at least once every three (3) years. Article 95 of the Company's Articles of Association has incorporated this principle and provided for the retirement of one-third (1/3) of the Directors at every Annual General Meeting

("AGM"). If the number involved is not three (3) or in multiples of three (3), then the number closest to one-third (1/3) shall retire from office. All retiring Directors are eligible for re-election.

In addition to the above, Article 96 stipulates that the Directors to retire shall be those who, being subject to retirement by rotation, have been longest in office since their last election or appointment.

In compliance with Articles 95 and 96 of the Articles of Association, Dato' Hamzah Bakar and Dato' Fauziah Dato' Ismail shall retire at the 30th AGM. Being eligible, they have offered themselves for re-election.

Article 100 of the Articles of Association provides that any additional Director appointed during the year shall hold office until the next AGM of the Company. The Director appointed, however, is eligible for re-election at the said AGM. In compliance with Article 100 of the Articles of Association, Encik Shahriman Shamsuddin who was appointed to the Board during the financial year ended 31 January 2009 ie. on 1 August 2008 shall retire at the 30th AGM. Being eligible, he has offered himself for re-election.

BOARD MEETINGS >>

Board meetings were held by the Company on a regular basis. During the financial year ended 31 January 2009, a total of six (6) Board meetings were held. Agenda items discussed at the Board meetings included, among others, reviews of the operational and financial performance, significant issues and activities, and opportunities relating to the Company.

The Chairman is primarily responsible for organising the flow of information at Board meetings. During the financial year ended 31 January 2009, he was assisted by the Company Secretary and Senior Management to set the Agenda for each meeting and to ensure that relevant items were placed on the Agenda for the Board's information. To further facilitate productive discussions at Board meetings, notices of meetings and board papers were provided to the Members in a timely manner.

Details of attendance at Board meetings held for financial year ended 31 January 2009 are as follows:

Name of Directors	Meetings attended	Maximum possible meetings to attend	%
Dato' Hamzah Bakar	5	6	83.3
Datuk Shahril Shamsuddin	5	6	83.3
Tan Sri Datuk Amar (Dr.) Hamid Bugo	6	6	100
Tan Sri Ibrahim Menudin	4	6	66.7
Dato' Fauziah Dato' Ismail	6	6	100
Gee Siew Yoong	6	6	100
Mohamed Rashdi Mohamed Ghazalli	6	6	100
Shahriman Shamsuddin (Appointed on 1 August 2008)	2	2	100

ACCESS TO INFORMATION AND ADVICE >>

Board Members have access to all information in the Company. They also have access to the Company Secretary and members of Senior Management. As provided in the Board Charter, Board Members may seek independent professional advice where necessary, at the Company's expense and at reasonable cost.

The Company Secretary assists the Board and provides support to the Chairman in ensuring that the Board functions effectively. This support includes the smooth running of Board meetings. The appointment and removal of the Company Secretary is decided and agreed by the Board as a whole.

DIRECTORS' REMUNERATION >>

The Code states that the remuneration of Directors should be of a sufficient level to attract and retain high calibre Directors to successfully run the Company. For Non-Executive Directors, their remuneration should reflect their respective levels of experience, expertise and responsibilities.

Details of the Board's remuneration for the financial year ended 31 January 2009 are as follows :

Non-Executive Directors	RM'000
Fees	691*
Other Emoluments	134*
Benefits-in-Kind	9

Executive Director	RM'000
Salaries and other Emoluments	1,322
Bonus	407
Benefits-in-Kind	88

Range of Directors' Remuneration Band

Non-Executive Directors	Number of Director
Below RM50,000	1
RM50,001 – RM100,000	2
RM100,001 – RM150,000	3
RM150,000 – RM200,000	1
Executive Director	
RM1,800,000-RM1,850,000	1

(inclusive of Directors' fees and other emoluments payable for their directorships in subsidiaries of the SapuraCrest Group)*

In accordance with Article 83 of the Company's Articles of Association, payment of fees for the Non-Executive Directors are effected only upon obtaining shareholders' approval at a general meeting of the Company.

SHAREHOLDERS >>

From time to time, the Executive Vice-Chairman and Senior Management of SapuraCrest will meet institutional investors to discuss issues relating to the financial performance of the Company. These meetings are normally held upon requests made to the Management. As for individual investors, they are encouraged to participate in the Company's general meetings where reasonable time for discussions is always provided for. Moreover, investors and shareholders alike can always visit the Company's website at www.sapuracrest.com.my for information on the SapuraCrest Group.

In addition to the above, the Board has identified Ms Gee Siew Yoong as the Independent Non-Executive Director to whom concerns from the shareholders can be conveyed. She may be contacted at director-sc@sapuracrest.com.my.

ACCOUNTABILITY AND AUDIT >>

In line with Part One of the Code, the Company's position and prospects are presented in a balanced and comprehensible manner. The report presented is by way of consolidated results at the end of each financial quarter, which is first tabled and deliberated by the Audit Committee before being forwarded to the Board for its approval prior to public release.

Under Best Practices provision BB III, the Code recommends that external auditors shall normally attend Audit Committee meetings. This recommendation is adopted by the Audit Committee by the regular invitations that it extends to the external auditors as well as Management to attend Audit Committee meetings. Further, in compliance with the recommendations of the revised Code, the Audit Committee met with the external auditors once during the financial year without the presence of Executive Directors and Management.

Details of the Audit Committee and its activities can be seen in pages 48 to 52 of this Annual Report.

The Board appreciates the need to establish formal and transparent arrangements to maintain an appropriate relationship with the Company's auditors, both internal and external. The Head of Internal Audit is present at all Audit Committee meetings, while external auditors, as mentioned above, are invited to attend meetings as and when necessary.

It is the Board's responsibility to ensure that the Company maintains a sound system of internal control to safeguard shareholders' investments and the Company's assets. For this purpose the Company has in place a system of internal control to facilitate the management of risks within the Group. This is further elaborated in the Internal Control Statement set out in page 54 of this Annual Report.

The Company strives to achieve better financial performance through developing new business opportunities and expanding its services in the oil and gas industry. Nevertheless, the Board endeavours to practise good corporate governance to fulfill its responsibilities to its shareholders, stakeholders and investors at large.

Audit Committee Report

TERMS OF REFERENCE >>

The Terms of Reference of the Audit Committee ("Terms of Reference") outlines and incorporates the roles and responsibilities of the Audit Committee ("Committee") as prescribed under the Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the Malaysian Code on Corporate Governance ("the Code").

1.0 OBJECTIVES OF THE COMMITTEE

1.1 The Committee shall assist the Board of Directors ("Board") of SapuraCrest Petroleum Berhad ("SapuraCrest" or "Company"):

1.1.1 In complying with specified accounting standards and required disclosure as administered by Bursa Malaysia, relevant accounting standards bodies, and any other laws and regulations as amended from time to time;

1.1.2 In presenting a balanced and understandable assessment of the Company's positions and prospects;

1.1.3 In establishing a formal and transparent arrangement for maintaining an appropriate relationship with the Company's auditors; and

1.1.4 In maintaining a sound system of internal control to safeguard shareholders' investment and the Company's assets.

2.0 POWERS OF THE COMMITTEE

2.1 In carrying out its duties and responsibilities, the Committee shall have the following rights:

2.1.1 The explicit authority to investigate any matter within the Terms of Reference;

2.1.2 Access to the resources which are required to perform its duties;

2.1.3 Full, free and unrestricted access to any information, records, properties and personnel of the SapuraCrest Group;

2.1.4 Direct communication channels with the external auditors and persons carrying out the internal audit function;

2.1.5 Ability to obtain independent professional or other advice and to invite external parties with relevant experience to attend the Committee's meetings, if required, and to brief the Committee thereof;

2.1.6 Ability to convene meetings with external auditors whenever deemed necessary;

2.1.7 Upon the request of the external auditor, convene a meeting of the Committee to consider any matter the external auditor believes should be brought to the attention of the directors or shareholders; and

2.1.8 To promptly report to Bursa Malaysia where a matter reported by the Committee to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

2.2 The attendance of any particular Committee meeting by other Directors and employees of the SapuraCrest Group shall be at the Committee's invitation and discretion, and specific to that relevant meeting only.

3.0 COMPOSITION OF THE COMMITTEE

3.1 The Committee is to be appointed by the Board from among their numbers, which shall comprise the following:

3.1.1 A minimum of three (3) Members;

3.1.2 A majority of the Committee Members shall be Independent Directors;

3.1.3 At least one (1) Member of the Committee must be a member of the Malaysian Institute of Accountants or a person who fulfils the requirements as stated in paragraph 15.10(1)(c)(ii) of the Listing Requirements;

3.1.4 The Members of the Committee shall elect a Chairman from among themselves who shall be an Independent Director;

3.1.5 All Members of the Committee shall hold office only for so long as they serve as directors of the Company;

3.1.6 No alternate director shall be appointed as a Member of the Committee; and

3.1.7 In the event of any vacancy resulting in non-compliance of the minimum of three (3) Members, the Board shall upon the recommendation of the Nomination Committee, appoint such number of directors to fill up such vacancy within three (3) months of the event.

4.0 DUTIES AND RESPONSIBILITIES

4.1 The duties and responsibilities of the Committee are as follows:

4.1.1 To nominate and recommend the external auditor for appointment, to consider the adequacy of experience, resources, audit fee and any issue regarding resignation or dismissal of the external auditor;

4.1.2 To review with the external auditor the nature and scope of the audit before the audit commences and report the same to the Board;

4.1.3 To ensure co-ordination when more than one audit firm is involved in the audit;

4.1.4 To review with the external auditors their audit report and report the same to the Board;

4.1.5 To review with the external auditors their evaluation of the system of internal controls and report the same to the Board;

4.1.6 To review the assistance given by the employees of the SapuraCrest Group to the external auditor and report the same to the Board;

4.1.7 To do the following where an internal audit function exists:

(a) To review and report the same to the Board on the adequacy of the scope, functions and resources of the internal audit functions, and that it has the necessary authority to carry out its work;

(b) To review and report the same to the Board on the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(c) Where necessary, to ensure that appropriate action is taken on the recommendations of the internal audit functions;

(d) To review any appraisal or assessment of the performance of members of the internal audit function;

(e) To approve any appointment or termination of senior staff members of the internal audit function; and

(f) To inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

4.1.8 Prior to the approval of the Board, to review the quarterly and year end financial statements and report the same to the Board, focusing particularly on:

(a) Any changes in accounting policies and practices;

(b) Significant adjustments arising from the audit;

(c) The going concern assumption; and

(d) Compliance with accounting standards and other statutory requirements.

4.1.9 To review any related party transactions and conflict of interest situation that may arise within the SapuraCrest Group including any transaction, procedure or course of conduct that raises questions of management integrity and report the same to the Board;

4.1.10 To review any letter of resignation from the external auditor and report the same to the Board;

4.1.11 To review whether there is reason, supported by grounds, to believe that the external auditor is not suitable for re appointment and report the same to the Board;

4.1.12 To discuss problems and reservations, if any, arising from the interim and final audits and any matter which the external auditor wishes to discuss in the absence of management, where necessary;

4.1.13 To discuss and review the external auditor's management letter and management response;

4.1.14 To discuss and review the major findings of internal investigations and management's response;

4.1.15 To review the statement with regard to the state of internal control of the SapuraCrest Group and report the same to the Board;

4.1.16 To review the assistance and co-operation given by the employees of the SapuraCrest Group to the internal auditor;

4.1.17 To perform any other work that it is required or empowered to do by statutory legislation or guidelines as prepared by the relevant Government authorities; and

4.1.18 To consider other topics as defined by the Board.

5.0 COMMITTEE MEETINGS

5.1 The Committee shall meet at least four (4) times in a year and additional meetings may be called at any time, at the discretion of the Chairman of the Committee.

5.2 The Head of the Finance Division and Head of the Internal Audit Department shall normally attend Committee meetings. Other Board members, employees of the Company and representatives of the external auditors may attend meetings upon the invitation of the Committee. In addition, the Committee shall meet at least once a year with the external auditors without the presence of executive Board members.

5.3 The Committee shall meet regularly, with due notice of issues to be discussed and shall record its conclusions accordingly.

5.4 Two (2) Members of the Audit Committee shall constitute a quorum provided both Members are Independent Directors.

5.5 The Chairman of the Committee, or the Secretary of the Committee ("Secretary") on the requisition of the Members, shall at any time summon a meeting of the Members by giving due notice. It shall not be necessary to give notice of a Committee meeting to any Member for the time being absent from Malaysia.

5.6 If within half an hour from the time appointed for the meeting a quorum is not established, the meeting shall be dissolved. The meeting shall stand adjourned to such day and at such time and place as the Members may determine.

5.7 The Secretary shall draw up an agenda for each meeting, in consultation with the Chairman of the Committee. The agenda shall be sent to all Members of the Committee and any other persons who may be required to attend the meeting.

5.8 The Secretary shall promptly prepare the written minutes of the meeting and distribute it to each Member. The minutes of meetings shall be confirmed and signed by the Chairman of the Committee.

5.9 The minutes of each meeting shall be entered into the minutes book kept at the registered office of the Company under the custody of the Company Secretary of the Company.

5.10 Subject to paragraph 5.1 above, in appropriate circumstances, the Committee may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting.

6.0 CHAIRMAN OF THE COMMITTEE

6.1 The duties and responsibilities of the Chairman of the Committee are:

6.1.1 To steer the Committee to achieve the goals it sets;

6.1.2 To consult the Company Secretary of the Company for guidance on matters related to the Committee's responsibilities under the applicable rules and regulations, to which they are subject to;

6.1.3 To organise and present the agenda for Committee meetings based on input from Members of the Committee for discussion on matters raised;

6.1.4 To provide leadership to the Committee and ensure proper flow of information to the Committee by reviewing the adequacy and timing of documentation;

6.1.5 To ensure that all Members are encouraged to play their role in its activities;

6.1.6 To ensure that consensus is reached on every Committee resolution and where considered necessary, call for a vote; and

6.1.7 To manage the processes and working of the Committee and ensure that the Committee discharges its responsibilities without interference from management.

7.0 COMMITTEE MEMBERS

7.1 Each Committee Member shall be expected to:

7.1.1 Provide individual external independent opinions to the fact-finding, analysis and decision making process of the Committee;

7.1.2 Consider viewpoints from the other Committee Members in making decisions and recommendation for the best interest of the Board collectively;

7.1.3 Keep abreast of the latest corporate governance guidelines in relation to the Committee and the Board as a whole; and

7.1.4 Continuously seek out best practices in terms of processes utilised by the Committee, following which these should be discussed with the rest of the Committee for possible adoption.

8.0 DISCLOSURE

8.1 The Board is required to prepare an Audit Report at the end of each financial year to be included and published in the annual report of the Company. The said report shall include the following:

8.1.1 The composition of the Committee, including the name, designation (indicating the Chairman) and directorship of the Members (indicating whether the directors are independent or otherwise);

8.1.2 The terms of reference of the Committee;

8.1.3 The number of Committee meetings held during the financial year and details of attendance of each Committee Member;

8.1.4 A summary of the activities carried out by the Committee in the discharge of its functions and duties for that financial year of the Company; and

8.1.5 A summary of the activities carried out by the Internal Audit Department.

8.2 The Committee shall assist the Board in making the following additional statements in the Company's annual report:

8.2.1 A statement explaining the Board's responsibility for preparing the annual audited financial statements of the Company; and

8.2.2 A statement about the state of internal control of the SapuraCrest Group.

9.0 REVISION OF THE TERMS OF REFERENCE

9.1 Any revision or amendment to this Terms of Reference, as proposed by the Committee or any third party, shall first be presented to the Board for its approval.

9.2 Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

COMPOSITION OF THE AUDIT COMMITTEE

The composition of the Committee as at 31 January 2009 is as follows:

- Gee Siew Yoong (Chairman - Independent Non-Executive Director);
- Tan Sri Datuk Amar (Dr.) Hamid Bugo (Member - Independent Non-Executive Director); and
- Dato' Fauziah Dato' Ismail (Member - Independent Non-Executive Director).

AUDIT COMMITTEE MEETING ATTENDANCE

There were thirteen (13) meetings held during the financial year ended 31 January 2009 and the details of attendance are as follows:

Name of Audit Committee Members	Meetings Attended	Maximum possible meetings to attend	%
Gee Siew Yoong	13	13	100
Tan Sri Datuk Amar (Dr.) Hamid Bugo	13	13	100
Dato' Fauziah Dato' Ismail	13	13	100

SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

- Reviewed and sought management explanation and recommended actions on the quarterly and annual financial results and performance of the Company and the Group prior to submission to the Board of Directors for consideration and approval.
- Reviewed and sought management explanation on related party transactions entered into by the Company and the Group, and reported the same to the Board of Directors.
- Reviewed and discussed with the external auditors the nature and scope of the audit prior to the commencement of the audit.
- Reviewed, discussed and sought management explanation on the audit reports before reporting the same to the Board of Directors.
- Reviewed audit plans for the year for the Company and the Group, prepared and reported by the internal auditors.

SUMMARY OF THE ACTIVITIES OF THE INTERNAL AUDIT DEPARTMENT FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2009

The Internal Audit Department has the principal responsibility of undertaking regular and systematic review of the systems and controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Company and the Group. Towards that end, the following activities were carried out by the Internal Audit Department throughout the financial year ended 31 January 2009:

- Prepared, presented and sought the Audit Committee's approval of the annual audit plan for the Group.
- Performed an annual risk profiling on all the companies within the Group, and based on available resources, formed the basis of the annual audit plan for the Group.
- Evaluated and assessed internal controls.
- Reviewed the compliance of the Company's Policies and Procedures, Limits of Authority ("LoA") and other statutory and regulatory requirements.
- Identified, reviewed and evaluated the adequacy and

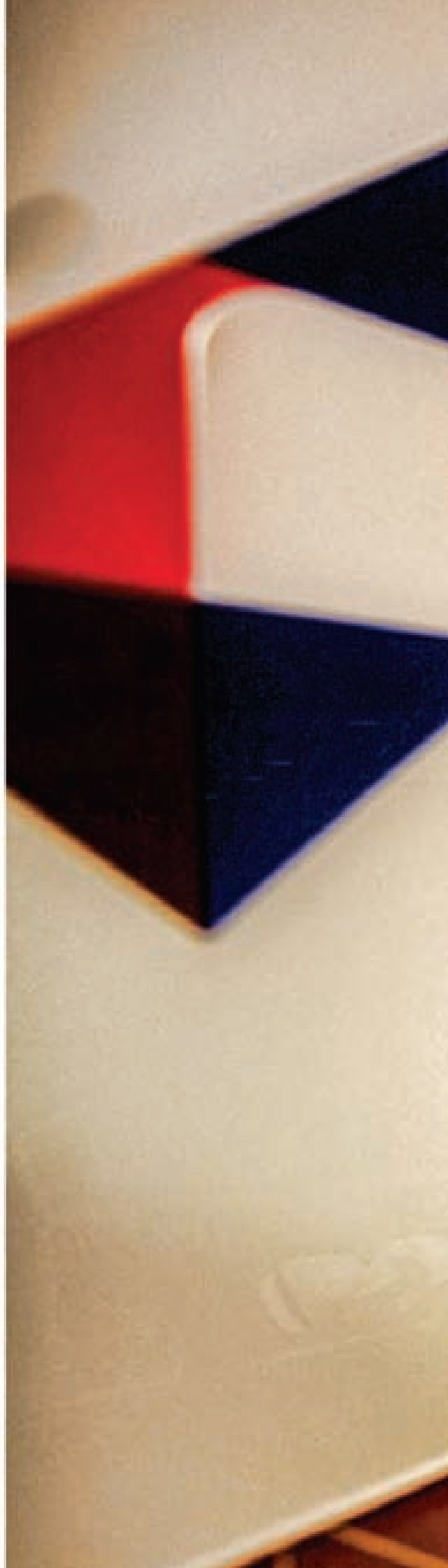
Audit Committee Report (cont'd)

effectiveness of the Company's Policies & Procedures and the LoA.

- Evaluated the efficiency of processes, functions and current practices, and provided suitable recommendations to the Audit Committee.
- Prepared audit reports and sought management response on the issues found and highlighted in the report. Upon incorporating the response of Management into the final reports, the same were circulated to the Audit Committee.
- Presented the audit reports to the Audit Committee during the Audit Committee meetings held throughout the financial year. During the financial year ended 31 January 2009, twenty-seven (27) audit reports covering the operations of the SapuraCrest Group, compliance issues of the Listing Requirements and follow-up reviews were submitted to the Audit Committee for their review.
- Carried out follow-up reviews on audit reports, and reported to the Audit Committee the status of implementation of agreed actions in the audit reports.
- Acted as facilitator and consultant on control issues and provided advice to Management and the Audit Committee by reviewing the Company's Policies & Procedures and the LoA.
- Undertook additional tasks as directed by the Audit Committee or Management, such as investigations of complaints received.

STATEMENT VERIFYING ALLOCATION OF OPTIONS

There were no allocation of share options pursuant to the SapuraCrest Group Employee Share Option Scheme for the financial year ended 31 January 2009.




SapuraCrest
Petroleum

Statement on Internal Control

In accordance with Part One of the Malaysian Code on Corporate Governance ("the Code"), and as embodied in the Company's Board Charter, the Board acknowledges its responsibility for the Company's system of internal control to safeguard shareholders' investment and Company's assets.

It should be noted that the system of internal control is designed to manage rather than eliminate risks of failure in achieving business objectives, and that they can only provide reasonable and not absolute assurance against material misstatement or loss or the occurrence of unforeseeable circumstances.

LIMITS OF AUTHORITY >>

The Company has in place, an authority manual called the Limits of Authority ("LoA") which is a document that has been duly approved by the Board.

The LoA is applicable throughout the SapuraCrest Group and deals with the authority limits on areas of corporate, operational, financial, human resource and project matters. The LoA prescribes limits of authority and prohibits unfettered power of management over the companies within the Group.

The LoA may be reviewed by the Board upon the recommendation of Management, to ensure its provisions are effective in managing risks and is practical for implementation.

FINANCE AND ADMINISTRATIVE SERVICES MANUAL >>

The activities of the finance, human resource and administrative functions of the SapuraCrest Group are centralised at the holding company level, and are governed by the Finance and Administrative Services Manual ("FASM"), which contains standardised policies and procedures of administration, which include expenditure, revenue, fixed assets, claims and advances, and stock control.

APPROVED VENDOR & TENDER ADMINISTRATION PROCEDURE >>

The SapuraCrest Group also has in place a Tender Administration Procedure laying down guidelines for the award of contracts for the supply of general goods and services (the "Procedure").

The Procedure, continues to act as the primary manual governing the award of sub-contracts, supply contracts and general services by the SapuraCrest Group and in addition also establishes the maintenance of an approved vendor list. The Procedure also deals with, amongst others, the establishment of a Tender Committee, the tender bidding process, the evaluation of bids and the subsequent award to successful bidders.

INTERNAL AUDIT DEPARTMENT >>

The Internal Audit Department monitors the compliance of the measures mentioned above on a regular basis. The department also assists from time to time, in reviewing the adequacy and integrity of these measures and compliance with applicable laws, rules and guidelines. In addition, the department routinely conducts audits within the SapuraCrest Group in areas including operations, finance and administration, the reviews and findings of which are tabled to the Audit Committee on a periodic basis.

The Internal Audit Department reports functionally to the Audit Committee. In providing independent and impartial appraisal, the department's personnel are given full, free and unrestricted access to all records, information, property, personnel and other relevant resources of the SapuraCrest Group.

A total cost of RM1.2 million was incurred by the Internal Audit Department in respect of the financial year under review.

RISK MANAGEMENT >>

Part Two of the Code states that the Board is responsible for identifying principal risks and ensuring the implementation of proper and appropriate systems to manage these risks. For this purpose and in addition to the existing measures stated earlier, SapuraCrest has in place the Risk Management Department, a unit of the Business Practice Division. The Risk Management Department facilitates the implementation of the Risk Management System and oversees the risk management process for the SapuraCrest Group.

In the year under review, the Company continually assessed identified risks with updates made to the Risk Register and this is undertaken as part of a continuing process.

Additional Compliance Information

Pursuant to Paragraph 9.25 of the Listing Requirements of Bursa Malaysia

MATERIAL CONTRACTS >>

Save as disclosed below, there have been no material contracts involving Directors' and Major Shareholders' interests, either still subsisting at the end of the financial year 31 January 2009 or, if not then subsisting, entered into since the end of the previous financial year:

(1) Between 1991 to 2008, Technical Services Agreements were entered into between Tioman Drilling Company Sdn Bhd ("Tioman Drilling"), a 51% owned subsidiary of SapuraCrest held through SapuraCrest's wholly-owned subsidiary, Probadi Sdn Bhd, with Seadrill Asia Limited ("Seadrill Asia") for the provision of technical services in respect of the T-3, T-6, Teknik Berkat, T-9 and T-10 drilling rigs.

Seadrill Asia holds the remaining 49% of Tioman Drilling's equity and the services to be provided by Seadrill Asia to Tioman Drilling under the Technical Services Agreements encompasses the provision of engineering services, rig maintenance and rig material services to the respective rigs. The consideration payable to Seadrill Asia is adjustable and will be determined in accordance with the Average Hourly Earnings Index for the Oil and Gas Field Services published by the United States Department of Labour Bureau of Labour Statistics in the "Employment and Earnings Bulletin".

(2) On 27 July 2005, the Company entered into a Service and Intellectual Property Use Agreement (the "Agreement") with Sapura Holdings Sdn Bhd ("SHSB"). SHSB is a major shareholder of Sapura Technology Berhad ("STB"), which in turn is a major shareholder of the Company.

Pursuant to the Agreement, SHSB agreed to provide to the Company the following:

(i) certain services which includes strategic planning, corporate advisory, corporate communication, market development and change management consultancy; and

(ii) the right to use SHSB's intellectual property in the event the Company or any of its subsidiaries requires the same in pursuing revenue opportunities.

In consideration of SHSB providing the matters referred to in paragraph (i) and (ii) above, the Company agreed to pay SHSB a fee of RM10.0 million for the financial year ended 31 January 2009.

IMPOSITION OF SANCTIONS AND/OR PENALTIES >>

During the financial year ended 31 January 2009, no sanctions and/or penalties were imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

NON-AUDIT FEES >>

The amount of non-audit fees paid to the external auditors of the Company and its subsidiaries for the financial year ended 31 January 2009 was RM209,000.

UTILISATION OF PROCEEDS RAISED FROM PROPOSALS >>

Issuance of Istisna' Bonds ("IB") and Murabahah Commercial Papers ("MCPs")/Murabahah Medium Term Notes ("MMTNs")

On 25 August 2006, Bayu Padu Sdn Bhd ("Bayu Padu"), a wholly-owned subsidiary of the Company, issued RM250 million nominal value IB being the second tranche of the total RM500 million nominal value IB. As at 8 May 2009, RM209.9 million of the proceeds raised from this issuance has been partly utilised to redeem the first tranche of IB and MMTNs issued on 26 August 2005 and 28 November 2005 respectively, to finance and/or refinance the cost of investment and/or acquisition of oil and gas related businesses and assets, reimburse SapuraCrest for the acquisition of Sarku Clementine as well as to finance the Group's working capital requirements.

SHARE BUYBACKS >>

The Company did not undertake any share buybacks during the financial year ended 31 January 2009.

OPTION, WARRANTS OR CONVERTIBLE SECURITIES >>

(i) Employee Share Option Scheme

The SapuraCrest Group Employee Share Option Scheme 2004 ("ESOS") is governed by the by-laws approved by the shareholders at the Extraordinary General Meeting held on 19 February 2004. The amount of options exercised during the financial year ended 31 January 2009 are as follows:

Amount of Options Exercised	Exercise Price
652,500	RM1.12
670,000	RM0.54
1,150,160	RM0.75

(ii) Warrants

A total of 23,011,790 Warrants were exercised during the financial year ended 31 January 2009.

AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") >>

The Company did not sponsor any ADR or GDR during the financial year ended 31 January 2009.

RESULTS VARIATION >>

There was no material variation between the audited results for the financial year ended 31 January 2009 and the unaudited results previously announced.

PROFIT GUARANTEE >>

The Company did not give any profit guarantee during the financial year ended 31 January 2009.

LIST OF PROPERTIES AND REVALUATION POLICY ON LANDED PROPERTIES >>

The Company does not own any landed properties. Accordingly, it has not adopted a policy on revaluation of landed properties during the financial year ended 31 January 2009.

RECURRENT RELATED PARTY TRANSACTION OF A TRADING OR REVENUE NATURE >>

There was no shareholders' mandate obtained for recurrent related party transactions during the financial year ended 31 January 2009.

Statement Of Directors' Responsibility In Respect Of The Audited Financial Statements

Pursuant to Paragraph 15.27(a) of the Listing Requirements of Bursa Malaysia

The Directors are required by law to prepare financial statements for each financial year in accordance with the applicable approved accounting standards in Malaysia and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and the cash flows of the Group and of the Company for the financial year.

In preparing the financial statements of the Group and of the Company, the Directors have adopted appropriate accounting policies and applied them consistently and prudently. The Directors have also ensured that those applicable accounting standards have been followed and confirmed that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company and which enable them to ensure that the financial statements are in compliance with the provisions of the Companies Act, 1965.

The Directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Financial Stateme

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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 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries.

The principal activities of the subsidiaries are as described in Note 41 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group	Company
	2009 RM'000	2008 RM'000
Profit for the year	249,770	67,858
Attributable to:		
Equity holders of the Company	115,774	67,858
Minority interests	133,996	-
	249,770	67,858

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

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

DIVIDENDS

The amount of dividends paid by the Company since 31 January 2008 were as follows :

	RM'000
In respect of the financial year ended 31 January 2008 as reported in the directors' report of that year:	
Final dividend of 2.0 sen per ordinary share, less 26% taxation, on 1,182,071,141 ordinary shares, approved by shareholders on 1 July 2008 and paid on 15 August 2008.	17,495
In respect of the financial year ended 31 January 2009:	
A single tier interim dividend of 2.0 sen per ordinary share, on 1,188,491,401 ordinary shares, declared on 10 December 2008 and paid on 16 February 2009.	23,770

At the forthcoming Annual General Meeting, a single tier final dividend in respect of the financial year ended 31 January 2009 of 3.0 sen per ordinary share, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 January 2010.

DIRECTORS

Directors of the Company in office since the date of the last report and at the date of this report are :

Dato' Hamzah Bakar
Datuk Shahril Shamsuddin
Tan Sri Datuk Amar (Dr.) Hamid Bugo
Tan Sri Ibrahim Menudin
Dato' Fauziah Dato' Ismail
Gee Siew Yoong
Mohamed Rashdi Mohamed Ghazalli
Shahriman Shamsuddin (appointed on 1 August 2008)
Reza Abdul Rahim (alternate director to Datuk Shahril Shamsuddin) (appointed as an alternate director on 1 August 2008 and ceased to be an alternate director on 17 April 2009)

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, other than those arising from the share options granted under the Employee Share Options Scheme.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 36 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows :

	Number of ordinary shares of RM0.20 Each			
	As at 1.2.2008 / Date of Appointment '000	Acquired '000	Sold '000	As at 31.1.2009 '000
The Company				
Indirect interest				
Datuk Shahril Shamsuddin	457,538	16,487	-	474,025
Shahriman Shamsuddin	457,538	16,487	-	474,025
Mohamed Rashdi Mohamed Ghazalli	50	50	50	50

DIRECTORS' INTERESTS (cont'd.)

	Number of ordinary shares of RM0.20 Each			
	As at 1.2.2008 / Date of Appointment '000	Acquired '000	Sold '000	As at 31.1.2009 '000
The Company				
Direct interest				
Datuk Shahril Shamsuddin	62	-	-	62
Dato' Hamzah Bakar	1,000	-	-	1,000
Tan Sri Datuk Amar (Dr.) Hamid Bugo	100	31	-	131
Mohamed Rashdi Mohamed Ghazalli	-	50	-	50
Shahriman Shamsuddin	489	-	-	489

	Number of Option Over Ordinary shares of RM0.20 Each			
	As at 1.2.2008 '000	Granted '000	Exercised '000	As at 31.1.2009 '000
The Company				
Direct interest				
Datuk Shahril Shamsuddin	3,962	-	-	3,962

Datuk Shahril Shamsuddin and Shahriman Shamsuddin by virtue of their interests in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the 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 or options in the Company or its related corporations during the financial year.

ISSUE OF SHARES

a > During the financial year, the Company increased its issued and paid-up ordinary share capital from RM233,669,878 to RM238,766,768 by way of :

- i > the issuance of 1,150,160 ordinary shares of RM0.20 each for cash pursuant to the Company's Employee Share Options Scheme at the exercise price of RM0.75 per ordinary share;
- ii > the issuance of 670,000 ordinary shares of RM0.20 each for cash pursuant to the Company's Employee Share Options Scheme at the exercise price of RM0.54 per ordinary share;
- iii > the issuance of 652,500 ordinary shares of RM0.20 each for cash pursuant to the Company's Employee Share Options Scheme at the exercise price of RM1.12 per ordinary share;
- iv > the exercise of 23,011,790 Company's Warrants into 23,011,790 ordinary shares of RM0.20 each for cash at the exercise price of RM0.71 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

EMPLOYEE SHARE OPTIONS SCHEME ("ESOS")

The SapuraCrest Petroleum Berhad Employee Share Options Scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 19 February 2004. The ESOS was implemented on 13 September 2004 and is effective for a period of five years.

The salient features and other terms of the ESOS are disclosed in Note 25 to the financial statements.

Details of options granted to directors are disclosed in the section on Directors' Interests in this report.

OTHER STATUTORY INFORMATION

a > Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps :

- i > to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- ii > to ensure that any current assets which were unlikely to realise their value 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 provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
- ii > the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

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

e > At the date of this report, there does not exist :

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

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

OTHER STATUTORY INFORMATION (CONT'D)

f > In the opinion of the directors :

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

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

SIGNIFICANT AND SUBSEQUENT EVENTS

Details of significant and subsequent events are disclosed in Note 37 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 13 May 2009.

Dato' Hamzah Bakar

Datuk Shahril Shamsuddin

STATEMENT BY DIRECTORS >> PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Dato' Hamzah Bakar and Datuk Shahril Shamsuddin, being two of the directors of SapuraCrest Petroleum Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 68 to 148 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 13 May 2009.

Dato' Hamzah Bakar

Datuk Shahril Shamsuddin

STATUTORY DECLARATION >> PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Azmi Arshad, being the officer primarily responsible for the financial management of SapuraCrest Petroleum Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 68 to 148 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 Azmi Arshad at
Kuala Lumpur in the Federal Territory
on 13 May 2009

Azmi Arshad

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAPURACREST PETROLEUM BERHAD (INCORPORATED IN MALAYSIA) >> REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of SapuraCrest Petroleum Berhad, which comprise the balance sheets as at 31 January 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 68 to 148.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2009 and of their financial performance and cash flows for the year then ended.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAPURACREST PETROLEUM BERHAD (INCORPORATED IN MALAYSIA) >> REPORT ON OTHER LEGAL AND RELULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a > In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b > We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 41 to the financial statements.

c > We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

d > The auditors' reports on the accounts of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Teoh Soo Hock
No. 2477/10/09(J)
Chartered Accountant

Kuala Lumpur, Malaysia
13 May 2009

INCOME STATEMENTS >> FOR THE YEAR ENDED 31 JANUARY 2009

		Group		Company	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	3	3,451,702	2,261,905	97,734	75,419
Cost of sales	4	(2,921,114)	(1,877,885)	-	-
Gross profit		530,588	384,020	97,734	75,419
Other income	5	13,256	11,551	11,836	10,186
Other operating expenses		(38,080)	(36,634)	-	-
Administration expenses		(121,324)	(94,475)	(40,220)	(21,565)
Operating profit		384,440	264,462	69,350	64,040
Finance costs	6	(57,784)	(77,615)	(529)	(28,874)
Share of profit from associates		623	2,256	-	-
Share of loss from jointly controlled entities		(45,719)	(17,710)	-	-
Profit before tax	7	281,560	171,393	68,821	35,166
Income tax expense	10	(31,790)	(20,365)	(963)	(10,626)
Profit for the year		249,770	151,028	67,858	24,540
Attributable to:					
Equity holders of the Company		115,774	78,264	67,858	24,540
Minority interests		133,996	72,764	-	-
		249,770	151,028	67,858	24,540

Earnings per share attributable to equity holders of the Company (sen)			
Basic	11 (a)	9 .83	7.48
Diluted	11 (b)	9.13	6.59

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS >> AS AT 31 JANUARY 2009

		Group		Company	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	903,559	876,294	2,452	3,111
Intangible assets	14	149,515	145,994	-	-
Investments in subsidiaries	15	-	-	234,243	234,243
Investments in associates	16	10,438	11,396	800	800
Investments in jointly controlled entities	17	95,070	142,883	-	-
Deferred tax assets	18	11,001	1,358	-	-
		1,169,583	1,177,925	237,495	238,154
Current assets					
Inventories	19	50,023	57,373	-	-
Amount due from related companies	20	-	-	613,029	571,251
Trade and other receivables	21	1,703,877	1,373,466	4,604	4,310
Tax recoverable		14,361	15,259	6,586	965
Cash and bank balances	23	593,538	354,209	2,048	2,612
		2,361,799	1,800,307	626,267	579,138
Total assets		3,531,382	2,978,232	863,762	817,292

BALANCE SHEETS >> AS AT 31 JANUARY 2009

		Group		Company	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	24	238,767	233,670	238,767	233,670
Share premium	24	461,632	448,104	461,632	448,104
Other reserves	26	60,658	27,875	347	679
Retained profits / (accumulated losses)		161,333	86,824	(133,049)	(159,642)
		922,390	796,473	567,697	522,811
Minority interests		401,197	272,165	-	-
Total equity		1,323,587	1,068,638	567,697	522,811
Non-current liabilities					
Amount due to related companies	27	-	-	209,010	228,927
Borrowings	28	454,307	516,868	149	314
Deferred tax liabilities	18	8,583	9,368	568	-
		462,890	526,236	209,727	229,241
Current liabilities					
Amount due to related companies	27	-	-	23,772	36,471
Borrowings	28	477,725	540,038	9,727	5,165
Trade and other payables	33	1,228,925	833,936	29,069	22,523
Tax payable		14,485	9,384	-	1,081
Dividends payable		23,770	-	23,770	-
		1,744,905	1,383,358	86,338	65,240
Total liabilities		2,207,795	1,909,594	296,065	294,481
Total equity and liabilities		3,531,382	2,978,232	863,762	817,292

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY >> FOR THE YEAR ENDED 31 JANUARY 2009

	Attributable to Equity Holders of the Company					Minority Interests	Total Equity
		Non-Distributable		Distributable			
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained profits RM'000	Total RM'000	RM'000	RM'000
At 1 February 2007	177,427	185,867	48,966	24,927	437,187	216,806	653,993
Foreign currency translation	-	-	(21,548)	-	(21,548)	(17,405)	(38,953)
Net expense recognised directly in equity	-	-	(21,548)	-	(21,548)	(17,405)	(38,953)
Profit for the year	-	-	-	78,264	78,264	72,764	151,028
Total recognised income and expense for the year	-	-	(21,548)	78,264	56,716	55,359	112,075
Dividends	-	-	-	(16,367)	(16,367)	-	(16,367)
Issue of ordinary shares:							
Pursuant to ESOS	2 ,999	9,857	-	-	12,856	-	12,856
Pursuant to Convertible Bonds	52,364	248,911	-	-	301,275	-	301,275
Pursuant to Warrants	880	2,243	-	-	3,123	-	3,123
Share options granted under ESOS :							
Recognised in income statement (Note 8)	-	-	1,683	-	1,683	-	1,683
Exercised during the year (Note 26)	-	1,226	(1,226)	-	-	-	-
At 31 January 2008	233,670	448,104	27,875	86,824	796,473	272,165	1 ,068,638

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY >> FOR THE YEAR ENDED 31 JANUARY 2009

	Attributable to Equity Holders of the Company					Minority Interests	Total Equity
	Non-Distributable			Distributable			
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained profits RM'000	Total RM'000	RM'000	RM'000
At 1 February 2008	233,670	448,104	27,875	86,824	796,473	272,165	1,068,638
Foreign currency translation	-	-	33,115	-	33,115	(4,964)	28,151
Net expense recognised directly in equity	-	-	33,115	-	33,115	(4,964)	28,151
Profit for the year	-	-	-	115,774	115,774	133,996	249,770
Total recognised income and expense for the year	-	-	33,115	115,774	148,889	129,032	277,921
Dividends	-	-	-	(41,265)	(41,265)	-	(41,265)
Issue of ordinary shares:							
Pursuant to ESOS	495	1,460	-	-	1,955	-	1 ,955
Pursuant to Warrants	4,602	11,736	-	-	16,338	-	16,338
Share options granted under ESOS :							
Exercised during the year (Note 26)	-	332	(332)	-	-	-	-
At 31 January 2009	238,767	461,632	60,658	161,333	922,390	401,197	1,323,587

The accompanying notes form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY >> FOR THE YEAR ENDED 31 JANUARY 2009

	Non-Distributable				
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Accumulated losses RM'000	Total Equity RM'000
At 1 February 2007	177,427	185,867	222	(167,815)	195,701
Profit for the year, representing total recognised income and expense for the year	-	-	-	24,540	24,540
Dividends (Note 12)	-	-	-	(16,367)	(16,367)
Issue of ordinary shares:					
Pursuant to ESOS	2,999	9,857	-	-	12,856
Pursuant to Convertible Bonds	52,364	248,911	-	-	301,275
Pursuant to Warrants	880	2,243	-	-	3,123
Share options granted under ESOS:					
Recognised in income statement (Note 8)	-	-	602	-	602
Included in investments in subsidiaries	-	-	1,081	-	1,081
Exercised during the year (Note 26)	-	1,226	(1,226)	-	-
At 31 January 2008	233,670	448,104	679	(159,642)	522,811
At 1 February 2008	233,670	448,104	679	(159,642)	522,811
Profit for the year, representing total recognised income and expense for the year	-	-	-	67,858	67,858
Dividends (Note 12)	-	-	-	(41,265)	(41,265)
Issue of ordinary shares:					
Pursuant to ESOS	495	1,460	-	-	1,955
Pursuant to Warrants	4,602	11,736	-	-	16,338
Share options granted under ESOS:					
Exercised during the year (Note 26)	-	332	(332)	-	-
At 31 January 2009	238,767	461,632	347	(133,049)	567,697

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT >> FOR THE YEAR ENDED 31 JANUARY 2009

	2009 RM'000	2008 RM'000
Cash flows from operating activities		
Profit before tax	281,560	171,393
Adjustments for:		
Amortisation of intangible assets	229	208
Provision for short term accumulating compensated absences	1,578	1,014
Provision for doubtful debts	8,784	4,758
Bad debts written off	-	17
Depreciation of property, plant and equipment	84,288	77,313
Property, plant and equipment written off	255	-
Adjustment on property, plant and equipment	-	561
Gain on disposal of property, plant and equipment	(3,823)	(422)
Share of results of jointly controlled entities	45,719	17,710
Share of results of associates	(623)	(2,256)
Share options granted under ESOS	-	1,683
Net unrealised foreign exchange loss	12,435	7,189
Interest expense	57,784	77,615
Interest income	(6,345)	(8,200)
Operating profit before working capital changes	481,841	348,583
Decrease/(increase) in inventories	7,350	(14,200)
Increase in trade and other receivables	(272,776)	(243,887)
Increase/(decrease) in balances with related companies	(9,932)	177
Increase in balances with jointly controlled entities	(59,823)	-
Increase in trade and other payables	392,547	130,439
Cash generated from operating activities	539,207	221,112
Interest paid	(63,433)	(74,944)
Taxes paid	(33,469)	(14,974)
Net cash generated from operating activities	442,305	131,194

CONSOLIDATED CASH FLOW STATEMENT >> FOR THE YEAR ENDED 31 JANUARY 2009

	2009 RM'000	2008 RM'000
Cash flows from investing activities		
Additional investment in a subsidiary	(7,875)	-
Investment in a jointly controlled entity	-	(615)
Deferred contingent consideration paid for acquisition of subsidiaries	-	(14,300)
Distribution proceeds from jointly controlled entity under liquidation	-	6
Advances to a jointly controlled entity	(997)	(70,712)
Proceeds from disposal of property, plant and equipment	9,511	526
Proceeds from disposal of asset held for sale	-	2,101
Purchase of property, plant and equipment	(57,331)	(210,964)
Dividend received	1,581	-
Interest received	6,303	8,340
Dividend paid to minority interest of subsidiaries	(34,300)	-
Net cash used in investing activities	(83,108)	(285,618)
Cash flows from financing activities		
Proceeds from issuance of new shares pursuant to ESOS	1,955	12,856
Proceeds from issuance of MCPs, net of bond discount	-	95,506
Proceeds from conversion of warrants	16,338	3,123
Repayment of hire purchase and lease creditors	(2,528)	(1,965)
Repayment of term loans	(129,116)	(60,315)
Drawdown of term loans	-	96,900
Repayment of BaIDS	(45,000)	(25,000)
Dividend paid	(17,495)	(16,367)
Net changes in short term borrowings	48,311	110,073
Net cash (used in) / generated from financing activities	(127,535)	214,811
Net increase in cash and cash equivalents	231,662	60,387
Effects of exchange rate changes	4,513	6,923
Cash and cash equivalents at beginning of year	354,209	286,899
Cash and cash equivalents at end of year (Note 23)	590,384	354,209

The accompanying notes form an integral part of the financial statements.

COMPANY CASH FLOW STATEMENT >> FOR THE YEAR ENDED 31 JANUARY 2009

	2009 RM'000	2008 RM'000
Cash flows from operating activities		
Profit before tax	68,821	35,166
Adjustments for:		
Depreciation of property, plant and equipment	1,250	1,311
Gain on disposal of property, plant and equipment	(51)	(6)
Share options granted under ESOS	-	602
Interest expense	529	28,874
Dividend income	(66,070)	(52,662)
Interest income	(11,753)	(10,154)
Net unrealised foreign exchange loss / (gain)	511	(515)
Operating (loss) / profit before working capital changes	(6,763)	2,616
Increase in balances with related companies	(42,587)	(757)
(Increase) / decrease in other receivables	(5,764)	4,230
Increase in other payables	7,718	2,775
Cash (used in) / generated from operating activities	(47,396)	8 ,864
Interest paid	(124)	(443)
Taxes paid	(1,582)	(2,963)
Net cash (used in) / generated from operating activities	(49,102)	5,458
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	51	8
Purchase of property, plant and equipment	(591)	(518)
Interest received	46	187
Deferred contingent consideration paid for acquisition of subsidiaries	-	(14,300)
Dividend received from subsidiaries	44,256	-
Dividend received from an associated company	1,581	-
Net cash generated from / (used in) investing activities	45,343	(14,623)
Cash flows from financing activities		
Proceeds from issuance of new shares pursuant to warrants	16,338	3,123
Proceeds from issuance of new shares pursuant to ESOS	1,955	12,856
Repayment of hire purchase creditors	(165)	(165)
Repayment of revolving credit	-	(2,000)
Dividends paid	(17,495)	(16,367)
Net cash generated from / (used in) financing activities	633	(2,553)
Net decrease in cash and cash equivalents	(3,126)	(11,718)
Cash and cash equivalents at beginning of year	2,612	14,330
Cash and cash equivalents at end of year (Note 23)	(514)	2,612

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

1 > CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. 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 Company is a member of the Sapura Holdings Sdn. Bhd. Group of companies ("Sapura Group of companies"). Datuk Shahril Shamsuddin and Shahriman Shamsuddin have substantial interests in Sapura Holdings Sdn. Bhd.

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are as described in Note 41.

There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 13 May 2009.

2 > SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised Financial Reporting Standards which are mandatory for the financial periods beginning on or before 1 February 2008 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except for certain property, plant and equipment that have been measured at their fair value.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) unless otherwise indicated.

2.2 Summary of Significant Accounting Policies

a > Subsidiaries and Basis of Consolidation

i > Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of the potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

ii > Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

2 > SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

a > Subsidiaries and Basis of Consolidation (Cont'd.)

ii > Basis of Consolidation (Cont'd.)

Prior to 1 February 2006, acquisition of subsidiaries that meets the conditions of a merger are accounted for using the merger method. Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. In the consolidated financial statements, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve.

Beginning 1 February 2006, acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Subsidiaries are 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. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

b > Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss account. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

2 > SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

b > **Associates (Cont'd.)**

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the 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 profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available management accounts of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting polices are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised as profit or loss.

c > **Jointly Controlled Entities**

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.2(b).

The most recent available management accounts of the jointly controlled entities are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting polices are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in jointly controlled entities are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in income statement.

d > **Intangible Assets**

i > **Goodwill**

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, it is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is instead reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2 > SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

d > Intangible Assets (Cont'd.)

ii > Other Intangible Assets

Intangible assets comprise patents and intellectual property right. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic 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 for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

e > Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses except remote operated vehicles systems (ROVs).

ROVs are shown at fair value, based on periodic valuations by external independent valuers or cost, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of ROVs are credited, net of tax, to other reserves in shareholder's equity. Decreases that reverse previous increases of the same assets are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Due to and as permitted under the transitional provisions of IAS 16 (Revised) : Property, Plant and Equipment, the Company does not adopt a policy of regular revaluation on a vessel, Teknik Samudra, in that the vessel continues to be stated at its previous revaluation, in 1998, less depreciation as stated in Note 13(a).

2 > SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

e > Property, Plant and Equipment and Depreciation (Cont'd.)

Dry docking costs which enhance the useful lives of the assets are capitalised when incurred and the remaining carrying amount of the cost during the previous dry docking is derecognised. The costs capitalised is amortised over the period until the next dry docking.

Asset under construction is not depreciated until the asset is ready for its intended use.

Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Vessels, remote operated vehicles ("ROVs") and Saturation Diving System ("SAT System")	4% - 20%
Tender assisted drilling rigs and plant and machinery	3 1/3% - 25%
Other equipments, tools and implements	33 1/3%
Furniture, equipment and vehicles	10% - 50%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

f > Construction Contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period for which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceed progress billings, the balance is classified as amount due from customers on contract. When progress billings exceed costs incurred plus recognised profits (less recognised losses) the balance is classified as amount due to customers on contracts.

2 > **SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

2.2 **Summary of Significant Accounting Policies (Cont'd.)**

g > **Impairment of Non-Financial Assets**

The carrying amounts of assets, other than construction contract assets, inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, the recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows 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 considered impaired and 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.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

h > **Inventories**

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first-in-first-out method. The cost of inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

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

2 > SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

i > Leases

i > Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. All other leases that do not transfer substantially all the risks and rewards are classified as operating leases.

ii > Finance leases - the Group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2.2(e).

j > Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

k > Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

2 > **SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

2.2 **Summary of Significant Accounting Policies (Cont'd.)**

k > **Income tax (Cont'd.)**

The Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

l > **Employee benefits**

i > **Short term benefits**

Wages, salaries and bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated leave. Short term non-accumulating compensated leave such as sick leave are recognised when the absences occur.

ii > **Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

iii > **Share-based compensation**

The Company's Employee Share Options Scheme ("ESOS"), an equitysettled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

2 > SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

m > **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

i > **Revenue from services**

Revenue from services is recognised net of service taxes and discounts as and when the services are performed.

ii > **Construction contracts**

Revenue from construction contracts is accounted for by the stage of completion method, as described in Note 2.2(f).

iii > **Interest income**

Interest income is recognised on accrual basis using the effective interest method.

iv > **Dividend income**

Dividend income is recognised when the Group's right to receive payment is established.

v > **Rental income**

Rental income is recognised on an accrual basis.

vi > **Management fees**

Management fees are recognised when services are rendered.

vii > **Hire revenue**

Revenue earned on the hire of equipment and employees is accounted for on an accrual basis.

n > **Foreign currencies**

i > **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.

ii > **Foreign currency transactions**

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

2 > SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

n > Foreign currencies (Cont'd.)

ii > Foreign currency transactions (Cont'd.)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

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.

iii > Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

o > Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

i > Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

2 > **SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

2.2 **Summary of Significant Accounting Policies (Cont'd.)**

o > **Financial instruments (Cont'd.)**

ii > **Other non-current investments**

Non-current investments other than investments in subsidiaries, associates and jointly controlled entities are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

iii > **Receivables**

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

iv > **Payables**

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

v > **Interest-bearing loans and borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised costs using the effective interest method.

vi > **Unsecured Guaranteed Redeemable Convertible Bonds ("Convertible Bonds")**

The Convertible Bonds are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible bonds.

The difference between the proceeds of issue of the Convertible Bonds and the fair value assigned to the liability component, representing the conversion option is included in equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or redemption, whilst the value of the equity component is not adjusted in subsequent periods. Attributable transaction costs are apportioned and deducted directly from the liability and equity component based on their carrying amounts at the date of issue.

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for a similar non-convertible bond to the instrument. The difference between this amount and the interest paid is added to the carrying value of the Convertible Bonds.

vii > **Equity instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

viii > **Derivative financial instruments**

Derivative financial instruments are not recognised in the financial statements.

2 > SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

o > Financial instruments (Cont'd.)

viii > **Derivative financial instruments (Cont'd.)**

Interest rate swap contract:

Net differentials in interest receipt and payments arising from interest rate swap contracts are recognised as interest income or expense in the profit or loss over the period of contract.

p > Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs

On 1 February 2008, the Group adopted the following revised FRS, amendment to FRS and Interpretations:

FRS 107	:	Cash Flow Statements
FRS 111	:	Construction Contracts
FRS 112	:	Income Taxes
FRS 118	:	Revenue
FRS 120	:	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	:	Interim Financial Reporting
FRS 137	:	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	:	The Effects of Changes in Foreign Exchange Rates-Net Investment in a Foreign Operation
IC Interpretation 1	:	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	:	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	:	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	:	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	:	Applying the Restatement Approach under FRS 129_{2004} - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	:	Scope of FRS 2

The revised FRSs, amendment to FRS and interpretations above do not have any significant impact on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

2 > SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRS, Amendment to FRS and Interpretations			Effective for financial periods beginning on or after
FRS 8	:	Operating Segments	1 July 2009
FRS 4	:	Insurance Contracts	1 January 2010
FRS 7	:	Financial Instruments: Disclosure	1 January 2010
FRS 139	:	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	:	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	:	Interim Financial Reporting and Impairment	1 January 2010

The new FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 7 and FRS 8.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

2.5 Significant accounting estimates and judgements

a > Critical judgement made in applying accounting policies

The following is the judgement made by management in the process of applying the Group's accounting policies that has the most significant effect on the amounts recognised in the financial statements.

Treatment of contract variation

Included in the financial statements are values of change orders that have not yet been approved by customers. These are included in Note 22. In this respect, the values are estimated based on the management's assessment and judgement as to the realisable amount.

The complexity of estimation process, risks and uncertainties will affect the amounts reported in the financial statements. Depending on the outcome of negotiations with customers, this could result in reduction/increase in attributable profits/losses.

The directors are of the opinion that the change orders recognised in the financial statements represents the best estimate, with justifiable grounds for the claims submitted and favourable progress of discussions with the customers.

b > Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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:

2 > **SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

2.5 **Significant accounting estimates and judgements (Cont'd.)**

b > **Key sources of estimation uncertainty (Cont'd.)**

i > **Impairment of goodwill**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at 31 January 2009 were RM149,012,000 (2008 : RM145,262,000). Further details are disclosed in Note 14.

ii > **Construction contracts**

The Group recognises construction contracts revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that construction contracts costs incurred for work performed to date bear to the estimated total construction contracts costs.

Significant judgement is required in determining the stage of completion, the extent of the construction contracts costs incurred, the estimated total construction contracts revenue and costs, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

iii > **Depreciation of vessels, plant and equipment**

The cost of vessels, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these vessels, plant and equipment to be within 2 to 30 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

iv > **Deferred tax assets**

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

3 > REVENUE

Revenue of the Group and of the Company consists of the following:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Installation of pipelines and facilities	1,892,510	1,024,778	-	-
Offshore drilling services	905,561	706,606	-	-
Marine services	615,922	483,851	-	-
Operations and maintenance	37,709	46,670	-	-
Dividend income	-	-	66,070	52,662
Management fees from subsidiaries	-	-	31,664	22,757
	3,451,702	2,261,905	97,734	75,419

4 > COST OF SALES

Cost of sales comprise of costs related to contracts.

5 > OTHER INCOME

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interest income	6,345	8,200	11,753	10,154
Miscellaneous income	6,911	3,351	83	32
	13,256	11,551	11,836	10,186

6 > FINANCE COSTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interest expense on:				
Convertible Bonds	-	13,340	-	-
Charge arising from the conversion of Convertible Bonds	-	-	-	26,231
Istisna' Bonds and MCPs/MMTNs	23,639	20,056	-	-
Al-Bai Bithaman Ajil Islamic Debt Securities	3,766	6,120	-	-
Term loans	13,475	22,579	-	-
Hire purchase and finance lease liabilities	506	847	31	31
Revolving credits	16,155	14,393	403	355
Other borrowings	243	280	95	57
Advances from a subsidiary	-	-	-	2,200
	57,784	77,615	529	28,874

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

7 > PROFIT BEFORE TAX

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
This is arrived at after charging / (crediting):				
Employee benefits expense (Note 8)	358,260	249,084	16,364	10,313
Non-executive directors' remuneration (Note 9)	825	735	746	655
Auditors' remuneration:				
- Statutory audits:				
- Group auditors	690	670	98	95
- Other auditors	310	227	-	-
- Other services:				
- Group auditors	155	140	155	140
- Other auditors	54	373	-	-
Charter of vessels, barges and rigs from:				
- an associate	4,864	8,534	-	-
- others	1,085,212	583,181	-	-
Hire of equipment	157,235	52,925	84	66
Depreciation of property, plant and equipment	84,288	77,313	1,250	1,311
Amortisation of intangible assets	229	208	-	-
Gain on disposal of property, plant and equipment	(3,823)	(422)	(51)	(6)
Property, plant and equipment written off	255	-	-	-
Rental of premises	9,586	5,724	1,635	1,513
Rental of motor vehicles	924	696	16	-
Foreign exchange differences:				
- unrealised exchange loss / (gain)	12,435	7,189	511	(515)
- realised exchange loss/(gain)	(12,787)	931	(9)	(5,692)
Provision for doubtful debts	8,784	4,758	-	-
Bad debts recovered	(1,019)	17	-	-
Vehicle rental income receivable from a subsidiary	-	-	(11)	(22)
Management fees	10,000	5,000	10,000	5,000

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

8 > EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Wages and salaries	306,514	212,666	9,981	6,780
Social security contributions	2,245	1,187	44	33
Contributions to defined contribution plan	24,983	18,190	2 ,097	1,189
Short term accumulating compensated absences	1,578	1,014	227	208
Share options granted under ESOS (Note 26)	-	1,683	-	602
Demobilisation benefits	3,165	2,908	-	-
Other benefits	19,775	11,436	4,015	1,501
	358,260	249,084	16,364	10,313

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration as disclosed in Note 9.

9 > DIRECTORS' REMUNERATION

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	1,322	836	1,322	836
Bonus	407	219	407	219
Total remuneration	1,729	1,055	1,729	1,055
Benefits-in-kind	88	110	88	110
	1,817	1,165	1,817	1,165
Non-Executive:				
Fees	691	596	612	517
Other emoluments	134	139	134	138
Total remuneration	825	735	746	655
Benefits-in-kind	9	9	9	9
	834	744	755	664
	2,651	1,909	2,572	1,829

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

9 > DIRECTORS' REMUNERATION (CONT'D.)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors of Subsidiaries				
Executive:				
Salaries and other emoluments	4,196	3,477	-	-
Bonus	403	295	-	-
Total remuneration	4,599	3,772	-	-
Benefits-in-kind	413	395	-	-
	5,012	4,167	-	-
	7,663	6,076	2,572	1,829

The Executive Directors of Subsidiaries are full time employees of those subsidiaries.

	Group		Company	
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration, excluding benefits-in-kind (Note 36(b))	6,328	4,827	1,729	1,055
Total non-executive directors' remuneration, excluding benefits-in-kind (Note 7)	825	735	746	655
Total directors' remuneration excluding benefits-in-kind	7,153	5,562	2,475	1,710

Executive Director of the Company has been granted the following number of options under the SapuraCrest Petroleum Berhad Employee Share Options Scheme.

	2009 '000	2008 '000
At 1 February	3,962	2,800
Granted during the year	-	1,162
At 31 January	3,962	3,962

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

9 > 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	
	2009	2008
Executive director:		
RM1,000,001 - RM1,500,000	-	1
RM1,500,001 - RM2,000,000	1	-
Non-executive directors:		
Below RM50,000	1	1
RM50,001 - RM100,000	2	1
RM100,001 - RM150,000	3	3
RM150,001 - RM200,000	1	1
	8	7

10 > INCOME TAX EXPENSE

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Income tax:				
Malaysian income tax	35,948	18,660	10,948	10,780
Foreign tax	10,796	1,535	-	-
	46,744	20,195	10,948	10,780
Overprovided in prior years:				
Malaysian income tax	(4,313)	(497)	(10,553)*	(154)
Foreign tax	(1,568)	-	-	-
	(5,881)	(497)	(10,553)	(154)
	40,863	19,698	395	10,626
Deferred tax: (Note 18)				
Relating to origination of temporary differences	(12,773)	991	(3,652)	-
Under/(over)provided in prior years	3,959	(347)	4,389*	-
Relating to changes in tax rate	(259)	23	(169)	-
	(9,073)	667	568	-
Total income tax expense	31,790	20,365	963	10,626

* Includes tax provision relating to dividend receivables from subsidiaries in the previous year amounting to RM 8.4 million.

10 > INCOME TAX EXPENSE (CONT'D.)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. In the prior year, certain subsidiaries of the Company being Malaysian resident companies with paid-up capital of RM2.5 million or less qualified for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income	:	20%
In excess of RM500,000 of chargeable income	:	25%

However, pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act, 1967 that was introduced with effect from the year of assessment 2009, these subsidiaries no longer qualify for the above preferential tax rates. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

Group	2009 RM'000	2008 RM'000
Profit before tax	281,560	171,393
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	70,390	44,562
Effect of income subject to tax rate of 20%	-	(112)
Effect of different tax rates in other countries	(2,938)	(976)
Effect of different tax rates in other jurisdiction - Labuan	(61,587)	(29,104)
Effect of changes in tax rates	(254)	23
Losses from foreign sources not deductible against Malaysian income tax	18,973	9,303
Effect of income not subject to tax	(17,242)	(4,979)
Effect of expenses not deductible for tax purposes	23,445	8,806
Effects of share of results of associates	11,277	4,018
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(14,871)	(18,878)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	6,519	8,546
Under/(over)provision of deferred tax of Company and subsidiaries in prior years	3,959	(347)
Overprovision of tax expense in prior years	(5,881)	(497)
Income tax expense for the year	31,790	20,365

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

10 > INCOME TAX EXPENSE (CONT'D.)

Company	2009 RM'000	2008 RM'000
Profit before tax	68,821	35,166
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	17,205	9,143
Effect of income not subject to tax	(11,347)	(7,185)
Effect of expenses not deductible for tax purposes	1,269	8,710
Deferred tax assets not recognised in respect of current year's tax losses	-	112
Underprovision of deferred tax in prior year	4,389	-
Overprovision of income tax expense in prior years	(10,553)	(154)
Income tax expense for the year	963	10,626

Tax savings during the financial year arising from:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Utilisation of current year tax losses	-	308	-	-
Utilisation of previously unrecognised tax losses	16,220	11,996	-	-

11 > EARNINGS PER SHARE

a > Basic

Basic earnings per share are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2009	2008
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	115,774	78,264
Weighted average number of ordinary shares in issue ('000)	1,177,721	1,045,779
Basic earnings per share (sen)	9.83	7.48

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

11 > EARNINGS PER SHARE (CONT'D.)

b > Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. warrants and share options granted to employees.

	2009	2008
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	115,774	78,264
Weighted average number of ordinary shares in issue ('000)	1,177,721	1,045,779
Effect of dilution:		
Share options	2,216	5,111
Warrants	88,631	135,892
Adjusted weighted average number of ordinary shares in issue and issuable	1,268,568	1,186,782
Diluted earnings per share (sen)	9.13	6.59

The effect on the diluted earnings per share for the current financial year is as a result of the assumed conversion of warrants and share options.

12 > DIVIDENDS

	Dividends in respect of year		Dividends Recognised in year	
Recognised during the year:	2009 RM'000	2008 RM'000	2009 sen	2008 sen
Interim				
2.0 sen (single tier) per ordinary share, on 1,188,491,401 ordinary shares declared on 10 December 2008 and paid on 16 February 2009	23,770	-	2.00	-
Final				
2.0 sen per ordinary share, less 26% taxation, on 1,182,071,141 ordinary shares approved by shareholders on 1 July 2008 and paid on 15 August 2008	17,495	-	1.48	-
2.0 sen per ordinary share less 27% taxation, on 1,121,009,379 ordinary shares approved by shareholders on 3 July 2007 and paid on 15 August 2007	-	16,367	-	1.46
	41,265	16,367	3.48	1.46

At the forthcoming Annual General Meeting, a single tier final dividend in respect of the financial year ended 31 January 2009 of 3.0 sen per ordinary share, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 January 2010.

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

13 > PROPERTY, PLANT AND EQUIPMENT

Group	Vessels, ROVs, SAT system and Drydocking RM'000	Tender assisted drilling rigs, drydocking and plant and machinery RM'000	Other equipments, tools and implements RM'000	Furniture, equipment and vehicles RM'000	Vessel under construction RM'000	Total RM'000
At 31 January 2009						
Cost/Valuation						
At 1 February 2008	354,489	921,235	8,159	39,584	-	1,323,467
Additions	14,835	21,939	2,577	8,574	9,711	57,636
Disposals	(6,880)	(4,735)	-	(1,594)	-	(13,209)
Write-off	(127)	(1,246)	-	(442)	-	(1,815)
Adjustment	(3,337)	-	-	-	-	(3,337)
Exchange differences	(9,799)	97,304	-	(2,440)	-	85,065
At 31 January 2009	349,181	1,034,497	10,736	43,682	9,711	1,447,807
Representing:						
At cost	314,621	1,034,497	10,736	43,682	9,711	1,413,247
At valuation	34,560	-	-	-	-	34,560
	349,181	1,034,497	10,736	43,682	9,711	1,447,807
Accumulated Depreciation						
At 1 February 2008	113,458	303,266	8,147	22,302	-	447,173
Depreciation charge for the year	23,862	54,479	519	5,428	-	84,288
Disposals	(1,376)	(4,561)	-	(1,584)	-	(7,521)
Write-off	(6)	(1,173)	-	(381)	-	(1,560)
Exchange differences	(786)	23,611	-	(957)	-	21,868
At 31 January 2009	135,152	375,622	8,666	24,808	-	544,248
Net carrying amount						
At cost	193,067	658,875	2,070	18,874	9,711	882,597
At valuation	20,962	-	-	-	-	20,962
At 31 January 2009	214,029	658,875	2 ,070	18,874	9,711	903,559

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

13 > PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Vessels, ROVs, SAT system and Drydocking RM'000	Tender assisted drilling rigs, drydocking and plant and machinery RM'000	Other equipments, tools and implements RM'000	Furniture, equipment and vehicles RM'000	Rig/barge under construction RM'000	Total RM'000
At 31 January 2008						
Cost/Valuation						
At 1 February 2007	305,304	674,566	8 ,159	33,450	146,505	1,167,984
Additions	44,759	6,312	-	5,330	155,023	211,424
Disposals	-	(331)	-	(226)	-	(557)
Adjustment	(657)	-	-	-	-	(657)
Reclassification	4,994	285,618	-	-	(290,612)	-
Exchange differences	89	(44,930)	-	1,030	(10,916)	(54,727)
At 31 January 2008	354,489	921,235	8,159	39,584	-	1,323,467
Representing:						
At cost	320,224	921,235	8,159	39,584	-	1,289,202
At valuation	34,265	-	-	-	-	34,265
	354,489	921,235	8,159	39,584	-	1,323,467
Accumulated Depreciation						
At 1 February 2007	93,884	265,287	6,476	17,692	-	383,339
Depreciation charge for the year	18,506	52,718	1,671	4,418	-	77,313
Disposals	-	(283)	-	(170)	-	(453)
Adjustment	(96)	-	-	-	-	(96)
Exchange differences	1,164	(14,456)	-	362	-	(12,930)
At 31 January 2008	113,458	303,266	8,147	22,302	-	447,173
Net carrying amount						
At cost	218,691	617,969	12	17,282	-	853,954
At valuation	22,340	-	-	-	-	22,340
At 31 January 2008	241,031	617,969	12	17,282	-	876,294

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

13 > PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company	Furniture, equipment and vehicles RM'000
At 31 January 2009	
Cost	
At 1 February 2008	7,626
Additions	591
Disposals	(188)
At 31 January 2009	8,029
Accumulated Depreciation	
At 1 February 2008	4,515
Depreciation charge for the year	1,250
Disposals	(188)
At 31 January 2009	5,577
Net carrying amount	
At 31 January 2009	2,452
At 31 January 2008	
Cost	
At 1 February 2007	7,113
Additions	518
Disposals	(5)
At 31 January 2008	7,626
Accumulated Depreciation	
At 1 February 2007	3,207
Depreciation charge for the year	1,311
Disposals	(3)
At 31 January 2008	4,515
Net carrying amount	
At 31 January 2008	3,111

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

13 > PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

a > The Group's vessels include a vessel of a subsidiary which had been last revalued in August 1998 based on a valuation carried out by independent professional valuers using the fair market value basis. The carrying value of the vessel has been stated on the basis of its 1998 valuation as allowed by FRS 116 by virtue of the transitional provisions of IAS 16. Had it been carried at historical cost, the carrying value of the vessel would have been RM Nil (2008:RM Nil).

b > The ROVs were revalued by an independent Marine Surveyor in August 2002 and January 2004. The valuation of the ROVs was at market value and was at AUD 9,678,713.

c > The net carrying amounts of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Motor vehicles	870	714	361	513
Plant and machinery	2,725	5,155	-	-
	3,595	5,869	361	513

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 30.

d > The Group and the Company acquired property, plant and equipment by the following means:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash	57,331	114,064	591	518
Term loan	-	96,900	-	-
Hire purchase and finance lease arrangements	305	460	-	-
	57,636	211,424	591	518

e > The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Notes 28, 31 and 32) are as follows:

	Group	
	2009 RM'000	2008 RM'000
Tender assisted drilling rigs and plant and machinery	644,858	625,766
Vessels, ROVs and SAT system	55,311	99,809
Furniture, equipment and vehicles	-	880
	700,169	726,455

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

14 > INTANGIBLE ASSETS

Group	Goodwill RM'000	Intellectual Property Right RM'000	Patent RM'000	Total RM'000
Cost				
At 1 February 2008	145,262	1,006	60	146,328
Additional investment in a subsidiary	3,750	-	-	3,750
	149,012	1,006	60	150,078
Accumulated amortisation				
At 1 February 2008	-	302	32	334
Charge for the year	-	201	28	229
At 31 January 2009	-	503	60	563
Net carrying amount				
At 31 January 2008	145,262	704	28	145,994
At 31 January 2009	149,012	503	-	149,515

Impairment tests for goodwill

Allocation of goodwill

Goodwill has been allocated to the Group's Cash Generating Units ("CGU") identified according to country of operation and business segment as follows:

	Malaysia RM'000	Australia RM'000	Total RM'000
At 31 January 2009			
Marine Services and Operation and Maintenance	129,597	-	129,597
Marine Services	-	19,415	19,415
At 31 January 2008			
Marine Services and Operation and Maintenance	129,597	-	129,597
Marine Services	-	15,665	15,665

14 > INTANGIBLE ASSETS (CONT'D.)

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

i > Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margin is the average margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

ii > Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the Marine Services and Operation and Maintenance and Marine Services, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

15 > INVESTMENTS IN SUBSIDIARIES

	Company	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost	239,954	239,954
Share options granted under ESOS	1,167	1,167
Less: Accumulated impairment losses	(6,878)	(6,878)
	234,243	234,243

The details of the subsidiaries are set out in Note 41.

16 > INVESTMENTS IN ASSOCIATES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unquoted shares, at cost	1,321	1,321	800	800
Share of post-acquisition reserves	9,117	10,075	-	-
	10,438	11,396	800	800

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

16 > INVESTMENTS IN ASSOCIATES (CONT'D.)

The Group's interest in the associates is analysed as follows:

	2009 RM'000	2008 RM'000
Share of net assets	5,797	6,755
Share of goodwill in associates	4,641	4,641
	10,438	11,396

Details of the associates are as follows:

Name of Company	Country of Incorporation	Principal Activities	Proportion of Ownership Interest 2009 %	2008 %
* Scomi Oilserve Sdn. Bhd.	Malaysia	Provision of marine vessel transportation services	40	40
* Oilserve (L) Berhad	Federal Territory of Labuan, Malaysia	Leasing of vessels / barges	40	40
* Geowell Sdn. Bhd.	Malaysia	Provision for wireline, production testing and associated services for oil and gas companies	30	30
Subang Properties Sdn. Bhd.	Malaysia	Dormant	36.2	36.2

* Audited by firms other than Ernst & Young

Except for Subang Properties Sdn. Bhd., the financial year end of the above associates is 31 December. For the purpose of applying the equity method of accounting, the financial statements for the year ended 31 December 2008 have been used and appropriate adjustments have been made for the effects of significant transactions between 31 December 2008 and 31 January 2009.

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

16 > INVESTMENTS IN ASSOCIATES (CONT'D.)

The summarised financial information of the associates are as follows:

	2009 RM'000	2008 RM'000
Assets and liabilities		
Current assets	28,768	33,742
Non-current assets	33,339	30,452
Total assets	62,107	64,194
Current liabilities	(18,951)	(27,949)
Non-current liabilities	(16,296)	(7,587)
Total liabilities	(35,247)	(35,536)
Results		
Revenue	66,846	79,664
Profit for the year	1,571	6,173

17 > INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Group	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost	42,522	42,522
Share of post-acquisition reserves	(68,954)	(18,844)
Distribution proceeds	-	(1,300)
	(26,432)	22,378
Shareholders' advances to jointly controlled entities	121,502	120,505
	95,070	142,883

The shareholder's advances are non-interest bearing, unsecured and are not due within twelve months.

17 > INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D.)

The Group's aggregate share of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses of the jointly controlled entities is as follows:

	2009 RM'000	2008 RM'000
Results		
Revenue	245,629	176,494
Expenses, including finance costs and taxation	(291,348)	(194,204)
Assets and liabilities		
Current assets	190,458	46,812
Non-current assets	621,353	443,204
Total assets	811,811	490,016
Current liabilities	(244,424)	(140,822)
Non-current liabilities	(595,071)	(328,156)
Total liabilities	(839,495)	(468,978)

The Group has discontinued the recognition of its share of loss of BTL Sdn. Bhd. because the share of losses of this jointly controlled entity has exceeded the Group's interest in the jointly controlled entity. The Group's unrecognised share of losses of this jointly controlled entity for the current year and cumulatively was RM5,670 (2008: RM3,600) and RM46,398 (2008: RM40,728) respectively.

In financial year 2008, SapuraAcergy Assets Pte. Ltd. ("SAPL"), formerly known as Nautical Vessel Pte. Ltd. obtained a banking facitily which consists of a seven year new term loan of USD200,000,000 and Reducing Revolving Credit Facility of USD40,000,000 from a foreign financial institution in Singapore. In order to hedge its exposure to interest risks arising from its term loans, SAPL enters into an interest rate swap contract with its lender.

At the balance sheet date, the estimated share of fair value of the interest rate swap is as follows:

	2009 RM'000	2008 RM'000
Estimated fair value	(46,665)	(26,784)

The details on commitments relating to the Group's interest in the jointly controlled entities are disclosed in Note 34.

17 > INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D.)

Details of the jointly controlled entities are as follows:

Name of Company	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			2009 %	2008 %
BTL Sdn. Bhd.	Malaysia	Provision of naval hydrographic surveys	35	35
* Uzmal Oil Inc.	Uzbekistan	Oilfield production	50	50
* SapuraAcergy Sdn. Bhd.	Malaysia	Managing and operating of vessel and provision of offshore related works	50	50
* SapuraAcergy Assets Pte Ltd (formerly known as Nautical Vessels Pte. Ltd.)	Federal Territory of Labuan, Malaysia	Leasing of vessel and operational equipment	50	50
* Offshore International FZC	United Arab Emirates	Vessel owner	40	40

* Audited by firms other than Ernst & Young

18 > DEFERRED TAX

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At 1 February	8,010	6,866	-	-
Recognised in the income statement (Note 10)	(9,073)	667	568	-
Exchange differences	(1,355)	477	-	-
At 31 January	(2,418)	8,010	568	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	(11,001)	(1,358)	-	-
Deferred tax liabilities	8,583	9,368	568	-
	(2,418)	8,010	568	-

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

18 > DEFERRED TAX (CONT'D.)

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

Deferred tax liabilities of the Group:

	Accelerated Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 February 2008	6,131	4,785	10,916
Recognised in the income statement	3,952	4,434	8,386
Exchange differences	(218)	(1,137)	(1,355)
At 31 January 2009	9,865	8,082	17,947
At 1 February 2007	6,901	4,785	11,686
Recognised in the income statement	(1,247)	-	(1,247)
Exchange differences	477	-	477
At 31 January 2008	6,131	4,785	10,916

Deferred tax assets of the Group:

	Tax Losses and Unabsorbed Capital Allowances RM'000	Provisions for Liabilities RM'000	Other Payables RM'000	Others RM'000	Total RM'000
At 1 February 2008	(1,891)	(19)	(355)	(641)	(2,906)
Recognised in the income statement	(3,578)	(8,868)	322	(5,335)	(17,459)
At 31 January 2009	(5,469)	(8,887)	(33)	(5,976)	(20,365)
At 1 February 2007	(1,891)	(399)	(353)	(2,177)	(4,820)
Recognised in the income statement	-	380	(2)	1,536	1,914
At 31 January 2008	(1,891)	(19)	(355)	(641)	(2,906)

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

18 > DEFERRED TAX (CONT'D.)

Deferred tax liabilities of the Company:

	Accelerated Capital Allowances RM'000	Receivables RM'000	Total RM'000
At 1 February 2008	295	-	295
Recognised in income statement (Note 10)	(21)	5,375	5,354
At 31 January 2009	274	5,375	5,649
At 1 February 2007	354	-	354
Recognised in income statement	(59)	-	(59)
At 31 January 2008	295	-	295

Deferred tax assets of the Company:

	Unabsorbed Tax Losses RM'000	Provisions for Liabilities RM'000	Total RM'000
At 1 February 2008	-	(295)	(295)
Recognised in income statement	(3,814)	(972)	(4,786)
At 31 January 2009	(3,814)	(1,267)	(5,081)
At 1 February 2007	(354)	-	(354)
Recognised in income statement	354	(295)	59
At 31 January 2008	-	(295)	(295)

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

18 > DEFERRED TAX (CONT'D.)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unutilised tax losses	103,867	125,589	-	-
Unabsorbed capital allowances	25,415	37,100	-	-
	129,282	162,689	-	-

The unutilised tax losses and unabsorbed capital allowances of the Group are available indefinitely against future taxable profit of the respective entities within the Group subject to no substantial changes in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profit of other entities in the Group and they have arisen in entities that have a recent history of losses.

19 > INVENTORIES

	Group	
	2009 RM'000	2008 RM'000
At cost:		
Consumable spares	49,128	56,939
Work-in-progress	895	434
	50,023	57,373

20 > DUE FROM RELATED COMPANIES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Amount due from subsidiaries	-	-	784,307	742,529
Less: Provision for doubtful debts	-	-	(171,278)	(171,278)
	-	-	613,029	571,251

Amount due from subsidiaries are unsecured, interest free and repayable on demand except for RM161,844,001 (2008: RM53,590,290) which is subject to interest rates ranging from 7.50% to 8.43% (2008: 7.50% to 8.43%) per annum.

Further details on related party transactions are disclosed in Note 36.

Other information on financial risks are disclosed in Note 39.

21 > TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade receivables				
Third parties	716,601	521,589	-	-
Sapura Group of companies	8,739	6,639	12	80
	725,340	528,228	12	80
Less: Provision for doubtful debt				
Third parties	(23,408)	(15,720)	-	-
	701,932	512,508	12	80
Construction contracts:				
Due from customers on contract (Note 22)	738,769	695,171	-	-
Retention sums	25,846	19,073	-	-
	764,615	714,244	-	-
Trade receivables, net	1,466,547	1,226,752	12	80

21 > TRADE AND OTHER RECEIVABLES (CONT'D.)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Other receivables				
Amount due from:				
Associates	2,680	2,680	2,680	2 ,680
Jointly controlled entity	79,662	8,267	-	1
	82,342	10,947	2,680	2 ,681
Less: Provision for doubtful debts	-	(28)	-	-
	82,342	10,919	2,680	2,681
Deposits and prepayments	71,304	102,331	1,466	1,155
Other receivables	84,069	33,744	446	394
	155,373	136,075	1,912	1,549
Less : Provision for doubtful debts	(385)	(280)	-	-
	154,988	135,795	1,912	1,549
	1,703,877	1,373,466	4,604	4,310

Credit risk

Trade receivables are non-interest bearing. The Group's normal trade credit term ranges from 30 to 120 days. Other credit terms are assessed and approved on a case-by-case basis. Overdue balances are reviewed regularly by senior management.

The Group has significant exposure to a few large customers mainly major oil companies and as such a concentration of credit risks which comprise most of the total trade receivables of the Group. However, the potential for default is expected to be minimal as the customers are of high creditworthiness and of international reputation.

Further details on related party transactions are disclosed in Note 36.

Other information on financial risks of other receivables are disclosed in Note 39.

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

22 > DUE FROM CUSTOMERS ON CONTRACTS

	Group	
	2009 RM'000	2008 RM'000
Construction contract costs incurred to date	4,040,851	3,280,177
Attributable profits	208,885	145,642
	4,249,736	3,425,819
Less: Progress billings	(3,510,967)	(2,730,648)
Due from customers on contracts (Note 21)	738,769	695,171
Retention sums on contracts, included within trade receivables (Note 21)	25,846	19,073

The costs incurred to date on construction contracts include the following charges made during the financial year:

	Group	
	2009 RM'000	2008 RM'000
Hire of barges and vessels and operational equipment	829,162	436,230
Depreciation of property, plant and equipment	1,605	2,538
Interest expense	19,364	27,032
Rental expense for buildings	5,523	2,345

23 > CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash on hand and at banks	386,162	171,668	88	312
Deposits with licensed banks	207,376	182,541	1,960	2,300
Cash and bank balances	593,538	354,209	2,048	2,612
Less : Bank overdrafts (Note 28)	(3,154)	-	(2,562)	-
Cash and cash equivalents	590,384	354,209	(514)	2 ,612

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

23 > CASH AND CASH EQUIVALENTS (CONT'D.)

Deposits with licensed banks of the Group amounting to RM57,513,139 (2008: RM65,335,908) are pledged as securities for credit facilities granted to certain subsidiaries.

Cash and cash equivalents of the Group amounting to RM324,786,406 (2008: RM113,383,529) are only available to certain companies in the Group.

Other information on financial risks of cash and cash equivalents are disclosed in Note 39.

The weighted average effective interest rate (per annum) and the remaining maturities as at the balance sheet date are as follows :

	Group		Company	
	2009	2008	2009	2008
Effective interest rate (%)	2.84	3.75	3.11	2.72
Maturities (days)	20	44	5	6

24 > SHARE CAPITAL AND SHARE PREMIUM

	Number of Ordinary Shares	<---------- Amount		---------->
	Share Capital (Issued and Fully Paid) '000	Share Capital (Issued and Fully Paid) RM '000	Share Premium RM '000	Total RM '000
Ordinary shares of RM0.20 each :				
At 1 February 2007	887,137	177,427	185,867	363,294
Ordinary shares issued during the year :				
Pursuant to ESOS				
- Cash received (Note 25)	14,995	2,999	9,857	12,856
- Option reserve (Note 26)	-	-	1,226	1,226
Pursuant to Convertible Bonds (Note 29)	261,821	52,364	248,911	301,275
Pursuant to exercise of Warrants	4,397	880	2,243	3,123
At 31 January 2008	1,168,350	233,670	448,104	681,774

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

24 > SHARE CAPITAL AND SHARE PREMIUM (CONT'D.)

	Number of Ordinary Shares	Amount		
	Share Capital (Issued and Fully Paid) '000	Share Capital (Issued and Fully Paid) RM '000	Share Premium RM '000	Total RM '000
Ordinary shares of RM0.20 each :				
At 1 February 2008	1,168,350	233,670	448,104	681,774
Ordinary shares issued during the year :				
Pursuant to ESOS				
- Cash received (Note 25)	2,473	495	1,460	1,955
- Option reserve (Note 26)	-	-	332	332
Pursuant to exercise of Warrants	23,011	4,602	11,736	16,338
At 31 January 2009	1,193,834	238,767	461,632	700,399

	Number of shares		Amount	
	2009 '000	2008 '000	2009 RM'000	2008 RM'000
Authorised share capital				
Ordinary shares of RM0.20 each :				
At 1 February	5,000,000	4,950,000	1,000,000	990,000
Created during the year	-	50,000	-	10,000
At 31 January	5,000,000	5,000,000	1,000,000	1 ,000,000
RCCPS of RM0.10 each :				
At 1 February	-	100,000	-	10,000
Cancelled during the year	-	(100,000)	-	(10,000)
At 31 January	-	-	-	-

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

24 > SHARE CAPITAL AND SHARE PREMIUM (CONT'D.)

31 January 2009

a > Ordinary shares issued pursuant to ESOS

During the year, the Company issued:

i > 1,150,160 ordinary shares of RM0.20 each for cash pursuant to the Company's Employee Share Options Scheme at the exercise price of RM0.75 per ordinary share;

ii > 670,000 ordinary shares of RM0.20 each for cash pursuant to the Company's Employee Share Options Scheme at the exercise price of RM0.54 per ordinary share;

iii > 652,500 ordinary shares of RM0.20 each for cash pursuant to the Company's Employee Share Options Scheme at the exercise price of RM1.12 per ordinary share;

The share premium arising therefrom of RM1,460,688 have been included in the share premium account. The new ordinary shares ranked pari passu in all respects with the existing ordinary shares of the Company.

b > Ordinary shares issued pursuant to Warrants

During the year, the Company issued 23,011,790 new ordinary shares of RM0.20 each through the Company's Warrants at the exercise price of RM0.71 per ordinary share. The share premium arising there from of RM11,736,013 have been included in the share premium account. The new ordinary shares ranked pari passu in all respects with the existing ordinary shares of the Company.

25 > EMPLOYEE BENEFITS

Employee Share Options Scheme ("ESOS")

The ESOS is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 19 February 2004, and implemented on 13 September 2004.

The salient features of the ESOS are as follows :

i > The ESOS shall be effective for a period of five years from the date of the implementation on 13 September 2004.

ii > Eligible person are employees of the Group (including executive directors) who are employed by and is on the payroll of a company within the Group (other than a company which is dormant) and has attained the age of 18 years. The eligibility for participation in the ESOS shall be at the discretion of the Option Committee appointed by the Board of Directors.

iii > The total number of shares to be issued under the ESOS shall not exceed 10% of the total issued and paid up share capital of the Company at any one point of time during the tenure of the ESOS.

iv > The option price for each share shall be the weighted average price of the shares of the Company in the daily official list issued by Bursa Malaysia Securities Berhad for the five trading days immediately preceding the date of offer with an allowance for a discount of not more than 10% therefrom at the Option Committee's discretion, or the par value of the shares of the Company, whichever is higher.

v > The number of new ordinary shares in the Company allocated, in aggregate, to the executive directors and senior management of the Group shall not exceed 50% of the total new ordinary shares available under the scheme.

vi > The number of new ordinary shares in the Company allocated to any individual eligible employee who, either singly or collectively through his associates, holds 20% or more in the issued and paid up share capital of the Company shall not exceed 10% of the total new ordinary shares available under the scheme.

vii > An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company during the duration of the option period. The duration of the option period will be decided by the Option Committee at its discretion, but shall not extend beyond the duration of the scheme.

viii > All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.

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25 > EMPLOYEE BENEFITS (CONT'D.)

Employee Share Options Scheme ("ESOS") (Cont'd.)

The movement in the share options during the year:

			Number of Share Options					
				Movements during the year				
Grant Date	Expiry Date	Exercise Price RM	Outstanding at 1.2.2008 '000	Granted '000	Exercised '000	Lapsed '000	Outstanding at 31.1.2009 '000	Exercisable at 31.1.2009 '000
2009								
2.4.2007	12.9.2009	0.75	3,428	-	(1,150)	(23)	2,255	2,255
27.12.2005	12.9.2009	0.54	2,892	-	(670)	(9)	2,213	2,213
8.11.2004	12.9.2009	1.12	4,582	-	(653)	(110)	3,819	3,819
			10,902	-	(2,473)	(142)	8,287	8,287

			Number of Share Options					
				Movements during the year				
Grant Date	Expiry Date	Exercise Price RM	Outstanding at 1.2.2007 '000	Granted '000	Exercised '000	Lapsed '000	Outstanding at 31.1.2008 '000	Exercisable at 31.1.2008 '000
2008								
2.4.2007	12.9.2009	0.75	-	11,510	(8,049)	(33)	3,428	3,428
27.12.2005	12.9.2009	0.54	4,548	-	(1,656)	-	2,892	2,892
8.11.2004	12.9.2009	1.12	9,967	-	(5,290)	(95)	4,582	4,582
			14,515	11,510	(14,995)	(128)	10,902	10,902

i > **Share options exercised during the financial year**

As disclosed in Note 24, options exercised during the financial year resulted in the issuance of 2,472,660 (2008: 14,994,849) ordinary shares at the exercise price between RM0.54 and RM1.12 (2008: RM0.54 to RM1.12) each. The related weighted average share price at the date of exercise was RM0.79 (2008: RM0.86).

ii > **Fair value of share options granted during the year**

There were no share options granted during the year.

The fair value of share options granted in the previous year was estimated internally using a Black Scholes Option Valuation model, taking into account the terms and conditions upon which the options were granted.

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

25 > **EMPLOYEE BENEFITS (CONT'D.)**

Employee Share Options Scheme ("ESOS") (Cont'd.)

ii > **Fair value of share options granted during the year (Cont'd.)**

The fair value of share options measured at grant date and the assumptions are as follows:

	2008
Fair value of share options at granted date	
2 April 2007 (RM)	0.15
Weighted average share price (RM)	0.86
Average exercise price (RM)	0.75
Expected volatility (%)	36.77
Expected life (years)	2.42
Risk free rate (%)	3.43
Expected dividend yield (%)	10.00

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

26 > **OTHER RESERVES (NON-DISTRIBUTABLE)**

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Foreign exchange reserve	(3,195)	(36,310)	-	-
Revaluation reserve	7,998	7,998	-	-
Capital reserve	3,519	3,519	-	-
Merger reserve	51,989	51,989	-	-
Share option reserve	347	679	347	679
	60,658	27,875	347	679

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26 > OTHER RESERVES (NON-DISTRIBUTABLE) (CONT'D.)

The movement in foreign exchange reserve and share option reserve are as follows :

	Group	
	2009 RM'000	2008 RM'000
Foreign exchange reserve		
At 1 February	(36,310)	(14,762)
Exchange difference on translation of foreign subsidiaries and jointly controlled entities	33,115	(21,548)
At 31 January	(3,195)	(36,310)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Share option reserve				
At 1 February	679	222	679	222
Share options granted under ESOS :				
Recognised in income statement (Note 8)	-	1,683	-	602
Included in investments in subsidiaries	-	-	-	1,081
Exercised during the year	(332)	(1,226)	(332)	(1,226)
At 31 January	347	679	347	679

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

a > **Foreign Currency Translation Reserve**

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

b > **Asset Revaluation Reserve**

This reserve includes the cumulative net change in fair value of vessels above their costs.

c > **Capital Reserve**

The capital reserve comprises profits, which would otherwise have been available for dividend, being used to redeem preference shares of the Company.

26 > OTHER RESERVES (NON-DISTRIBUTABLE) (CONT'D.)

d > Merger Reserve

Pursuant to the relief given under Section 60(4) of the Companies Act, 1965, the Company has not recorded any premium arising from the issue of shares for the acquisition of Probadi Sdn. Bhd.

The difference between the recorded carrying value of the investment in Probadi Sdn. Bhd. (that is the value of the shares of the Company issued as consideration) and the value of Probadi Sdn. Bhd. shares transferred to the Company had been treated as a merger reserve in the consolidated financial statements.

e > Share Option Reserve

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

27 > DUE TO RELATED COMPANIES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current				
Amount due to subsidiaries	-	-	23,772	36,471

The amount due to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

Further details on related party transactions are disclosed in Note 36.

Other information on financial risks of other payables are disclosed in Note 39.

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-Current				
Amount due to subsidiaries	-	-	209,010	228,927

The amount due to a subsidiary (Special Purpose Vehicles for the Istisna' Bonds and Murabahah Medium Term Notes ("MMTNs")/ Murabahah Commercial Paper ("MCPs") are unsecured, interest free and are not due within twelve months.

28 > BORROWINGS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Short term borrowings				
Secured :				
Term loans	98,950	109,405	-	-
Revolving credits	225,734	205,057	-	-
BaIDS (Note 31)	-	44,714	-	-
Istisna' Bonds and MCPs (Note 32)	99,072	96,951	-	-
Hire purchase and finance lease liabilities (Note 30)	2,174	2,431	165	165
	425,930	458,558	165	165
Unsecured :				
Bank overdrafts (Note 23)	3,154	-	2,562	-
Revolving credits	45,297	75,313	7,000	5,000
Bankers' acceptances	3,344	6,167	-	-
	51,795	81,480	9,562	5,000
	477,725	540,038	9,727	5,165
Long term borrowings				
Secured :				
Term Loans	207,348	268,954	-	-
Istisna' Bonds and MMTNs (Note 32)	245,444	244,433	-	-
Hire purchase and finance lease liabilities (Note 30)	1,515	3,481	149	314
	454,307	516,868	149	314

28 > BORROWINGS (CONT'D.)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Total borrowings				
Term loans	306,298	378,359	-	-
Revolving credits	271,031	280,370	7,000	5,000
Bankers' acceptances	3,344	6,167	-	-
BaIDS (Note 31)	-	44,714	-	-
Istisna' Bonds and MCPs/MMTNs (Note 32)	344,516	341,384	-	-
Hire purchase and finance lease liabilities (Note 30)	3,689	5,912	314	479
Bank overdrafts (Note 23)	3,154	-	2,562	-
	932,032	1,056,906	9,876	5,479
Maturity of borrowings :				
(excluding hire purchase and finance lease) :				
Within one year	475,551	537,605	9,562	5,000
More than 1 year and less than 2 years	161,133	83,431	-	-
More than 2 years and less than 5 years	164,029	174,944	-	-
5 years or more	127,630	255,014	-	-
	928,343	1,050,994	9,562	5,000

The highest and lowest interest rates (per annum) during the financial year for borrowings, excluding BaIDS, hire purchase and finance lease liabilities, Convertible Bonds, Istisna' Bonds and MCPs/MMTNs were as follows :

	Group		Company	
	2009 %	2008 %	2009 %	2008 %
Bank overdrafts	8.00 to 8.25	-	8.00 to 8.25	-
Revolving credits	2.28 to 8.60	5.40 to 7.50	5.53 to 5.82	5.55 to 5.68
Bankers' acceptances	4.74 to 4.94	4.81 to 4.88	-	-
Terms loans	2.88 to 7.38	5.40 to 6.99	-	-

28 > BORROWINGS (CONT'D.)

The term loans are secured by the following :

a > Legal charges over certain vessels of certain subsidiaries as disclosed in Note 13;

b > Fixed deposits of certain subsidiaries as disclosed in Note 23; and

c > Corporate guarantee by the Company.

The revolving credits are secured by the following :

a > Assignment of proceeds over the existing contracts.

b > The charge of certain operating bank accounts.

c > Charge over the sinking fund accounts.

d > The letter of undertaking by SapuraCrest Petroleum Berhad.

29 > CONVERTIBLE BONDS

In the previous financial year, the Convertible Bonds were converted into 261,820,667 of ordinary shares of RM0.20 each ordinary shares of the Company.

	Group	
	2009 RM'000	2008 RM'000
Nominal amount	-	273,573
Issuance expenses	-	(9,232)
Issuance expenses recognised in income statement :		
At 1 February	-	3,818
Charged to income statement during the year	-	5,414
At 31 January	-	9,232
Interest expenses recognised in income statement :		
At 1 February	-	36,529
Charged to income statement during the year	-	7,926
Exchange differences	-	(593)
At 31 January	-	43,862
Interest payment :		
At 1 February	-	(14,882)
Paid / accrued during the year	-	(1,278)
At 31 January	-	(16,160)

29 > CONVERTIBLES BONDS (CONT'D.)

	Group	
	2009 RM'000	2008 RM'000
On conversion of Convertible Bonds :		
Share capital (Note 24)	-	(52,364)
Share premium (Note 24)	-	(248,911)
	-	(301,275)
Liability component as at 31 January	-	-

Interest expense on the Convertible Bonds is calculated on the effective yield basis by applying the effective interest rate of 6% per annum for an equivalent non-convertible bond to the liability component of the Convertible Bonds.

On 15 December 2004, the Company via its wholly-owned subsidiary, SapuraCrest Dana SPV Pte. Ltd. ("Issuer"), issued USD80 million Convertible Bonds ("Bond") at a nominal amount of USD50,000 each for capital expenditure, investment and working capital.

The salient features of the Convertible Bonds are as follows:

a > Conversion rights - the registered holders of the Bonds will have the option at any time during the conversion period to convert the Convertible Bonds into new ordinary shares of RM0.20 each ("Shares") in the Company;

b > Conversion price - RM1.1611 per share, which will be subject to adjustment for, among other things, subdivision, consolidation or reclassification of Shares, capitalisation, capital distribution, bonus issues, rights issues and certain other events.

The conversion of the Convertible Bonds was adjusted from RM1.4514 to RM1.1611 per share with effect from 15 December 2005;

c > Conversion period - Subject to the conversion of a minimum of two Bonds (nominal amount of USD100,000), the Bonds are convertible into Shares from and including 25 January 2005 up to and including 5 December 2009 or, if the Bonds shall have been called for redemption before 15 December 2009, up to a date no later than ten days before the date fixed for redemption;

d > On 15 December 2007, at the option of Bondholders, each of them will have the right to require the Issuer to redeem all or some of the Bonds at 111.32% of their principal amount plus interest accrued thereon;

e > At any time on or after 15 December 2007 and prior to maturity of the Bonds, at the option of the Issuer, the Bonds may be redeemed in whole or in part, subject to satisfaction of certain conditions, together with accrued and unpaid interest at the date fixed for such redemption;

f > The Bondholders have the right to require the Issuer to redeem all or some of the Bonds at their Early Redemption Amount, together with interest accrued in the event the Shares cease to be listed or admitted to trading or change of control of the Company as specified in the terms and conditions of the Bonds;

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29 > CONVERTIBLE BONDS (CONT'D.)

The salient features of the Convertible Bonds are as follows: (cont'd.)

g > Unless previously redeemed, converted or purchased and cancelled in the circumstances referred to in the terms and conditions of the Bonds, the Issuer will redeem the Bonds at 120.06% of their principal amount on maturity date, 15 December 2009;

h > The Bonds bear coupon rate at 2.5% per annum, payable semi-annually in arrears on 15 June and 15 December in each year commencing 15 December 2004; and

i > The new ordinary shares to be allotted and issued upon conversion of the Convertible Bonds will rank pari passu in all respects with the existing ordinary shares of the Company.

30 > HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Future minimum lease payments :				
Not later than 1 year	2,656	2,883	196	196
Later than 1 year and not later than 2 years	1,846	3,140	178	196
Later than 2 years and not later than 5 years	-	1,210	-	178
Total future minimum lease payment	4,502	7,233	374	570
Less: Future finance charges	(813)	(1,321)	(60)	(91)
Present value of finance lease liabilities (Note 28)	3,689	5,912	314	479
Analysis of present value of finance lease liabilities :				
Not later than 1 year	2,174	2,431	165	165
Later than 1 year and not later than 2 years	1,515	2,196	149	165
Later than 2 years and not later than 5 years	-	1,285	-	149
	3,689	5,912	314	479
Due within 12 months (Note 28)	(2,174)	(2,431)	(165)	(165)
Due after 12 months (Note 28)	1,515	3,481	149	314

The Group's and the Company's hire purchase and finance lease liabilities bore effective interest rates ranging from 2.32% to 8.72% (2008: 2.32% to 9.40%) per annum and 2.32% to 3.30% (2008: 2.32% to 3.00%) respectively .

Other information of financial risks of hire purchase and finance lease liabilities are disclosed in Note 39.

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31 > AL-BAI BITAMAN AJIL ISLAMIC DEBT SECURITIES ("BaIDS")

	Group	
	2009 RM'000	2008 RM'000
Principal	-	45,000
Less: Issuance expenses	-	(286)
	-	44,714
Maturity of BaIDS :		
Not later than 1 year	-	44,714

The BaIDS bore interest at 8 % per annum and secured by the following:

a > First ranking debenture comprising fixed and floating charges over certain present and future assets of certain subsidiaries except for property, plant and equipment under hire purchase and finance lease arrangements as disclosed in Note 13;

b > First ranking assignment of bank accounts of certain subsidiaries;

c > First ranking fixed charges over shares in certain subsidiaries;

d > First charges over certain vessels of certain subsidiaries as disclosed in Note 13;

e > Legal assignment/noting of interests of the financiers of all insurance pertaining to (d) above; and

f > Assignments of proceeds under certain present and future contracts of certain subsidiaries.

During the year, the BaIDS has been fully repaid and all the securities stated above have been discharged.

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32 > ISTISNA' BONDS AND MURABAHAH MEDIUM TERM NOTES ("MMTNs")/MURABAHAH COMMERCIAL PAPER ("MCPs")

The amounts recognised in the balance sheet of the Group is analysed as follows :

	Group	
	2009 RM'000	2008 RM'000
Istisna' Bonds		
Nominal value	250,000	250,000
Less: Discount and issuance expenses	(7,017)	(7,017)
Net proceeds from issuance of Istisna' Bonds	242,983	242,983
Amortisation of discount and issuance expenses	2,461	1,450
Amount included within borrowings	245,444	244,433
MCPS/MMTNs		
Nominal value	100,000	100,000
Less: Discount and issuance expenses	(2,823)	(4,494)
Net proceeds from issuance of MCPs/MMTNs	97,177	95,506
Amortisation of discount	1,895	1,445
Amount included within borrowings	99,072	96,951
Total amount included within borrowings	344,516	341,384
Maturity of Istisna' Bonds and MCPs/MMTNs:		
Within 1 year	99,072	96,951
More than 2 years and less than 5 years	117,814	58,664
5 years or more	127,630	185,769
	344,516	341,384

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

32 > ISTISNA' BONDS AND MURABAHAH MEDIUM TERM NOTES ("MMTNS")/MURABAHAH COMMERCIAL PAPER ("MCPS") (CONT'D.)

The Istisna' Bonds are secured by the following :

i > Debenture dated 16 August 2005 whereby Bayu Padu Sdn. Bhd. ("BPSB"), a wholly owned subsidiary of the Company has created a first fixed and a first floating charge over all its assets and properties;

ii > Assignment of receivables dated 16 August 2005 whereby BPSB has absolutely assigned all its rights, title, interest and benefits in and towards all receivables owing to BPSB by any third party from time to time;

iii > Assignment of Designated Accounts dated 16 August 2005 and Supplemental Assignment Of Designated Accounts dated 20 March 2006 and Supplemental Assignment Of Designated Accounts II dated 13 April 2007 whereby BPSB has absolutely assigned all its rights, title, interest and benefits in and towards the Designated Accounts;

iv > Assignment of the Bai' Bithaman Ajil Agreement dated 16 August 2005 whereby BPSB has absolutely assigned all its rights, title, interest and benefits in and towards the agreement dated 16 August 2005 made between BPSB and SapuraCrest under the Syariah principle of Bai' Bithaman Ajil under which BPSB sells to SapuraCrest and SapuraCrest purchases from BPSB all of BPSB's rights, title, interest and benefit in and towards the Sapura 3000 on a deferred payment basis;

v > A guarantee dated 16 August 2005 and Supplemental Guarantee dated 20 March 2006 to secure the payment and repayment of the Istisna' Bonds and MMTNs;

vi > A Priority and Security Sharing Agreement dated 16 August 2005, Supplemental Priority and Security Sharing Agreement dated 20 March 2006 and Supplemental Priority and Security Sharing Agreement dated 13 April 2007 to regulate the priority and security sharing among the parties;

vii > Mortgage on a vessel known as Sarku Clementine created by Prominent Energy Sdn. Bhd. on 20 March 2006 in favour of UOB Trustee (Malaysia) Berhad;

viii > Deed of Covenant between Prominent Energy Sdn. Bhd. and UOB Trustee (Malaysia) Berhad dated 20 March 2006;

ix > Debenture dated 30 July 2007 between Total Marine Technology Pty Ltd and UOB Trustee (Malaysia) Berhad creating a fixed and floating charge over all its assets and properties;

x > Specific Debenture dated 13 April 2007 between Crest Marine Engineering Sdn. Bhd. ("CME") and UOB Trustee (Malaysia) Berhad creating a fixed first charge on Saturation Diving Systems ("SATS").

xi > Assignment of the Sale and Purchase Agreement dated 23 July 2008 between CME and UOB Trustee (Malaysia) Berhad assigning all its rights, title, interest and benefits in and towards the Sale and Purchase Agreement for a hammer system.

xii > Assignment of the Saturation Diving System Contract ("SATS Contract") dated 14 January 2009 between CME and OSK Trustees Berhad assigning all its rights, title, interest and benefits in and towards the SATS Contract for the construction of 12-man SATS.

xiii > Specific Debenture dated 14 January 2009 between CME and OSK Trustees (Malaysia) Berhad creating a fixed first charge on the 12-man SATS once completed.

The Istisna' Bonds and MCPs bear coupon rates ranging from 5% to 7.55% per annum (2008: 5% to 7.55%) per annum.

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33 > TRADE AND OTHER PAYABLES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current				
Trade payables				
Third parties	1,088,671	724,138	-	-
Other payables				
Advances from minority shareholder of a subsidiary	-	8,060	-	-
Rig refurbishment payables	24,521	21,560	-	-
Staff costs	35,646	20,900	4,372	1,759
Accrued expenses	31,496	19,768	960	1,172
Sundry payables	27,385	30,681	22,173	14,206
	119,048	100,969	27,505	17,137
Amount due to :				
Jointly controlled entity	16,999	-	-	-
Sapura Group of companies	4,207	8,829	1,564	5,386
	21,206	8,829	1,564	5,386
	1,228,925	833,936	29,069	22,523

Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 90 days.

Further details on related party transactions are disclosed in Note 36.

Other information on financial risks of other receivables are disclosed in Note 39.

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

34 > COMMITMENTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	106,039	20,703	-	-
Approved but not contracted for:				
Property, plant and equipment	69,740	80,600	-	-
	175,779	101,303	-	-
Share of capital commitments of jointly controlled entities	80,939	38,040	-	-
	256,718	139,343	-	-

35 > CORPORATE GUARANTEES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Secured				
Corporate guarantees given to financial institutions for credit facilities granted to				
- subsidiaries	-	-	496,329	482,579
- an associate	3,378	3,938	3,378	3,938
- jointly controlled entities	482,063	276,678	482,063	276,678
	485,441	280,616	981,770	763,195
Unsecured				
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	-	-	140,803	195,524
	-	-	140,803	195,524
	485,441	280,616	1,122,573	958,719

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

35 > CORPORATE GUARANTEES (CONT'D.)

The corporate guarantees are secured by way of deposits pledged and legal charges over certain vessels of subsidiaries.

The Company has also provided performance guarantees to third parties to ensure performance of contracts by certain subsidiaries.

36 > RELATED PARTY DISCLOSURES

a > In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Transactions	
	2009 RM'000	2008 RM'000
Group		
a > Technical services provided by Seadrill Asia Limited	12,687	16,927
b > Bareboat rental received/receivable from Seadrill Asia Limited and/or its related companies	32,853	19,453
c > Bareboat rental paid/payable to Seadrill Asia Limited and/or its related companies	256,852	200,050
d > Charter of vessel from an associated company, Scomi Oilserve Sdn. Bhd.	4,864	8,534
e > Management fees payable/paid to Corporate Shareholder, Sapura Holding Sdn. Bhd. #	10,000	5,000
f > Rent of office premises from :		
- Merapi Sdn. Bhd.#	260	229
- Sapura Resources Berhad #	4,833	3,579
g > Support and maintenance services for information technology rendered by Sapura Synergy (Malaysia) Sdn. Bhd. #	983	813

* Seadrill Asia Limited is a subtantial corporate shareholder of the Company and a minority shareholder of certain subsidiary companies

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36 > RELATED PARTY DISCLOSURES (CONT'D.)

		Transactions	
		2009 RM'000	2008 RM'000
Company			
a >	Dividend income from		
	- Probadi Sdn. Bhd.	30,240	37,152
	- TL Offshore Sdn. Bhd.	20,000	-
	- Petro-Plus Sdn. Bhd.	12,650	15,510
	- Sapura Energy Sdn. Bhd.	1,500	-
	- Scomi Oilserve Sdn. Bhd.	1,680	-
b >	Rent of office premises from Sapura Resources Berhad #	1,635	1,513
c >	Interest receivable from subsidiaries:		
	- TL GeoSciences Sdn. Bhd.	-	32
	- Sapura Energy Sdn. Bhd.	3,207	1,200
	- Prominent Energy Sdn. Bhd.	2,718	2,801
	- Sapura Retail Solutions Sdn. Bhd.	269	279
	- Sarku Engineering Services Sdn. Bhd.	4,711	1,284
	- Total Marine Technology Pty. Ltd.	623	612
	- TL Offshore Sdn. Bhd.	179	3,759
d >	Management fees payable/paid to Corporate Shareholder, Sapura Holdings Sdn. Bhd. #	10,000	5,000
e >	Support and maintenance services for information technology rendered by Sapura Synergy (Malaysia) Sdn. Bhd. #	319	37

By virtue of being companies in Sapura Group of Companies.

The directors are of the opinion that all the transactions above have been entered into in the normal course of business on a negotiated basis.

36 > RELATED PARTY DISCLOSURES (CONT'D.)

b > Compensation of key management personnel

The remuneration of directors and other members of key management during the year are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Short term employee benefits	13,952	9,760	6,498	4,082
Contributions to defined contribution plan - EPF	1,717	1,077	894	590

Included in the total key management personnel compensation are:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors' remuneration (Note 9)	6,328	4,827	1,729	1,055

Executive directors of the Group and the Company and other members of key management have been granted number of options under the ESOS:

	Group		Company	
	2009 '000	2008 '000	2009 '000	2008 '000
At 1 February	8,104	7,130	8,104	6,680
Granted	-	3,072	-	2,772
Exercised	(2,161)	(2,098)	(2,161)	(1,348)
At 31 January	5,943	8,104	5,943	8,104

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 25).

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

37 > SIGNIFICANT AND SUBSEQUENT EVENTS

a > On 8 January 2009, the Company announced that the last date to exercise the warrants is on 18 February 2009 ("Expiry Date"). Subsequent to 31 January 2009, 75,128,983 warrants were converted into new ordinary shares of RM0.20 each at RM0.71 per ordinary share. The Warrants which was not exercised by the Expiry Date became null and void and ceased to be exercisable.

b > On 1 August 2008, the Company had via its wholly owned subsidiary, Geomark Sdn Bhd ("Geomark"), entered into a shareholders agreement with AP Prakash Shipping Company Pte Ltd ("APPPL") to participate in the construction and and financing of a new vessel held by Quippo Prakash Pte Ltd ("QP") (" the JV Agreement"). Subsequently on 12 May 2009, the Company announced that the said parties have agreed to extend the time period for the fulfillment of conditions precedent as contained in the JV Agreement to 27 May 2009.

38 > COMPARATIVES

Prior to 1 February 2008, Offshore International FZC ("FZC") being an associated company in which the SapuraCrest Petroleum Bhd Group holds 40% shareholding was classified as associate. During the year, the Board of Directors of SapuraCrest Petroleum Bhd, having considered the terms of the Joint Venture Agreements with the Group's Joint Venture Partner, Larsen & Toubro, which set out the conduct of the affairs, concluded that it is more appropriate to classify the investment as a jointly controlled entity.

As a result, the comparative amounts of the following items have been therefore restated as follows:

	As previously stated RM '000	Reclassification RM '000	As restated RM '000
Group			
Balance sheet			
Non-current assets:			
Investment in associates (Note 16)	48,444	(37,048)	11,396
Investment in jointly controlled entities (Note 17)	105,835	37,048	142,883
Company			
Balance sheet			
Current assets:			
Amount due from related companies	580,972	(9,721)	571,251
Non current liabilities:			
Amount due to related companies	225,255	3,672	228,927
Current liabilities:			
Amount due to related companies	49,864	(13,393)	36,471

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

39 > FINANCIAL INSTRUMENTS

a > Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines approved by the Board and the Group's policy is not to engage in speculative transactions.

b > Credit risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Credit approvals are performed in accordance to approved Limits of Authority. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group has significant exposure to a few large customers mainly major oil companies and as such a concentration of credit risks which comprise most of the total trade receivables of the Group. However, the potential for default is expected to be minimal as the customers are of high creditworthiness and of international reputation.

c > Foreign currency risk

The Group operates in the Asia Pacific region and is exposed to various currencies, mainly the Singapore Dollar, Australian Dollar and United States Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from its operational and commercial transactions give rise to foreign exchange exposures.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

39 > FINANCIAL INSTRUMENTS (CONT'D.)

c > Foreign currency risk (Cont'd.)

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

At 31 January 2009:

	Net Financial Asset/(Liabilities) Held in Non-Functional Currency								
Functional Currency of Group Companies	United States Dollar RM'000	Singapore Dollar RM'000	EURO RM'000	Great Britain Pound RM'000	Brunei Dollar RM'000	India Rupee RM'000	Indonesia Rupiah RM'000	Others RM'000	Total RM'000
Trade and Other Receivables									
Ringgit Malaysia	693,854	291	513	-	-	7,059	-	-	701,717
Singapore Dollar	31,828	-	895	-	1,879	89	-	-	34,691
Australian Dollar	5,377	-	-	-	-	-	-	-	5,377
	731,059	291	1,408	-	1,879	7,148	-	-	741,785
Cash and Bank Balances									
Ringgit Malaysia	237,530	2,379	51	16	19	-	-	262	240,257
Singapore Dollar	28,085	-	-	-	-	-	682	-	28,767
Australian Dollar	558	-	-	-	-	-	-	-	558
	266,173	2 ,379	51	16	19	-	682	262	269,582
Trade and Other Payables									
Ringgit Malaysia	(572,371)	(14,439)	(11,459)	-	(15)	(8,874)	(5)	(14)	(607,177)
Singapore Dollar	(6,746)	-	(21)	(1,199)	-	-	(215)	(298)	(8,479)
Australian Dollar	-	-	-	-	-	-	-	-	-
	(579,117)	(14,439)	(11,480)	(1,199)	(15)	(8,874)	(220)	(312)	(615,656)
Borrowings									
Ringgit Malaysia	(80,150)	-	-	-		-			(80,150)

39 > FINANCIAL INSTRUMENTS (CONT'D.)

c > **Foreign currency risk (Cont'd.)**

At 31 January 2008:

	Net Financial Asset/(Liabilities) Held in Non-Functional Currency								
Functional Currency of Group Companies	United States Dollar RM'000	Singapore Dollar RM'000	EURO RM'000	Great Britain Pound RM'000	Brunei Dollar RM'000	India Rupee RM'000	Indonesia Rupiah RM'000	Others RM'000	Total RM'000
Trade and Other Receivables									
Ringgit Malaysia	290,654	2,496	1,288	-	-	11,006	-		305,444
Singapore Dollar	17,113	-	-	51	-	-	20		17,184
Australian Dollar	4,972	-	-	-	-	-	-		4,972
	312,739	2,496	1,288	51	-	11,006	20	-	327,600
Cash and Bank Balances									
Ringgit Malaysia	85,921	-	-	-	-	928	-		86,849
Singapore Dollar	6,064	-	-	-	-	-	-		6,064
Australian Dollar	4,688	-	-	-	-	-	-		4,688
	96,673	-	-	-	-	928	-	-	97,601
Trade and Other Payables									
Ringgit Malaysia	(345,373)	(17,032)	(13,227)	(16)	(25)	(10,862)	-		(386,535)
Singapore Dollar	(10,560)	-	(27)	(1,853)	-	-	(139)		(12,579)
Australian Dollar	(531)	(83)	-	-	-	-	-		(614)
	(356,464)	(17,115)	(13,254)	(1,869)	(25)	(10,862)	(139)	-	(399,728)
Borrowings									
Ringgit Malaysia	(135,733)	-	-	-	-	-	-		(135,733)

d > **Liquidity risk**

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

39 > FINANCIAL INSTRUMENTS (CONT'D.)

e > **Interest rate risk**

The Group's primary interest rate risk relates to interest-bearing borrowings and the Group has no substantial long term interest-bearing assets as at 31 January 2009. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

As at 31 January 2009, the Company has outstanding Cross Currency Interest Rate Swap ("CCIRS") with staggered maturities over the next seven years at varying semi-annual amounts. The notional amount and net fair value of CCIRS not recognised in the balance sheet of the Company as at the end of the financial year are as follows:

	Notional Amount RM'000	Fair Value RM'000
CCIRS	250,000	(5,697)

In order to hedge its exposure to interest risks arising from its term loans, the Company enters into an interest rate swap contract with its lender.

f > **Fair values**

The aggregate net fair values of financial assets and financial liabilities which are not carried at fair value on the balance sheets of the Group and of the Company as at the end of the financial year are presented as follows:

	Group		Company	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets:				
As at 31 January 2009:				
Amounts due from:				
- subsidiaries	-	-	613,029	#
- associates	2,680	#	2,680	#
- jointly controlled entities	79,662	#	-	-
As at 31 January 2008:				
Amounts due from:				
- subsidiaries	-	-	571,251	#
- associates	2,680	#	2,680	#
- jointly controlled entities	8,267	#	1	#

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

39 > FINANCIAL INSTRUMENTS (CONT'D.)

f > Fair values (Cont'd.)

	Group		Company	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Liabilities:				
As at 31 January 2009:				
Amounts due to:				
- subsidiaries	-	-	232,782	#
Istisna' Bonds and MCPs/MMTNs	344,516	348,535	-	-
Hire purchase and lease payables	3,689	3,671	314	306
As at 31 January 2008:				
Amounts due to:				
- subsidiaries	-	-	265,398	#
BaIDS	44,714	44,714	-	-
Istisna' Bonds and MCPs/MMTNs	341,384	347,201	-	-
Hire purchase and lease payables	5,912	5,835	479	472

It is not practical to estimate the fair values of amounts due to/from subsidiaries, associates, jointly controlled entities and related companies due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.

It is not practicable to estimate the fair values of corporate guarantees (disclosed in Note 35) reliably due to the uncertainties of timing, costs and eventual outcome.

The following methods and assumptions are used to estimate the fair values of the following classes of instruments:

i > Cash and Cash Equivalents, Trade and Other Receivables/Payables and Short Term Borrowings
The carrying amounts approximate fair values due to the relatively short maturity of these financial instruments.

ii > Borrowings
The fair value of borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

40 > SEGMENT INFORMATION

a > **Business segments:**

The Group is organised into four major business segments based on services provided:

i > Installation of Pipelines and Facilities - installation of offshore platforms and marine pipelines;

ii > Offshore Oil and Gas Drilling - drilling of offshore oilwells and chartering of rigs involved in drilling offshore oilwells;

iii > Marine Services - provision of offshore geotechnical and geophysical services to the oil and gas industry, development of marine technology and marine chartering, specialising on ROVs; and

iv > Operations and Maintenance - repairs and refurbishment of industrial gas turbines, supply, installation, commissioning and maintenance of point-of-sale systems for petrol stations and asset management services for offshore installations.

Other business segments include investment holding and provision of management services, none of which are of a sufficient size to be reported separately. The directors are of the opinion that all the transactions above have been entered into in the normal course of business on a negotiated basis.

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

40 > SEGMENT INFORMATION (CONT'D.)

	Installation of Pipelines and Facilities RM'000	Offshore Oil and Gas Drilling RM'000	Marine Services RM'000	Operations and Maintenance RM'000	Corporate and Others RM'000	Eliminations RM'000	Consolidated RM'000
31 January 2009							
Revenue							
External sales	1 ,892,510	905,561	615,922	37,709	-	-	3,451,702
Inter-segment sales	-	-	253,735	-	-	(253,735)	-
Total revenue	1,892,510	905,561	869,657	37,709	-	(253,735)	3,451,702
Results							
Operating results	71,397	261,662	53,421	10,787	104,035	(123,206)	378,096
Finance costs							(57,784)
Interest income							6,344
Share of results of associates							623
Share of results of jointly controlled entities							(45,719)
Profit before tax							281,560
Income tax expense							(31,790)
Profit after taxation							249,770
Minority interests							(133,996)
Profit for the year							115,774
Assets							
Segment assets	1,203,112	1,233,906	790,956	31,124	527,670	(386,758)	3,400,010
Investments in associates	-	-	4,565	5,873	-	-	10,438
Investments in jointly controlled entities	-	-	-	-	95,070	-	95,070
Unallocated corporate assets							25,864
Consolidated total assets							3,531,382
Liabilities							
Segment liabilities	1,131,369	470,878	531,640	14,356	488,883	(452,399)	2,184,727
Unallocated corporate liabilities							23,068
Consolidated total liabilities							2,207,795
Other Information							
Capital expenditure	3,850	286	53,107	384	632	(623)	57,636
Depreciation	1,452	45,375	35,376	746	1,339	-	84,288
Non-cash expense/(income) other than depreciation, amortisation and impairment losses	7 ,142	2,652	6 ,571	38	(4,608)	640	12,435

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

40 > SEGMENT INFORMATION (CONT'D.)

	Installation of Pipelines and Facilities RM'000	Offshore Oil and Gas Drilling RM'000	Marine Services RM'000	Operations and Maintenance RM'000	Corporate and Others RM'000	Eliminations RM'000	Consolidated RM'000
31 January 2008							
Revenue							
External sales	1,024,778	706,606	483,851	46,670	-	-	2,261,905
Inter-segment sales	-	-	91,940	-	-	(91,940)	-
Total revenue	1,024,778	706,606	575,791	46,670	-	(91,940)	2,261,905
Results							
Operating results	64,447	149,075	66,050	8,237	12,467	(44,014)	256,262
Finance costs							(77,615)
Interest income							8,200
Share of results of associates							2,256
Share of results of jointly controlled entities							(17,710)
Profit before tax							171,393
Income tax expense							(20,365)
Profit after taxation							151,028
Minority interests							(72,764)
Profit for the year							78,264
Assets							
Segment assets	993,935	937,618	704,159	23,499	560,306	(412,913)	2,806,604
Investments in associates	-	-	6,026	5,370	-	-	11,396
Investments in jointly controlled entities	-	-	-	-	142,883	-	142,883
Unallocated corporate assets							17,349
Consolidated total assets							2,978,232
Liabilities							
Segment liabilities	947,878	415,058	435,934	16,729	513,404	(438,161)	1,890,842
Unallocated corporate liabilities							18,752
Consolidated total liabilities							1,909,594
Other Information							
Capital expenditure	927	155,228	55,080	248	553	(612)	211,424
Depreciation	2,379	38,467	34,310	740	1,417	-	77,313
Non-cash expense/(income) other than depreciation, amortisation and impairment losses	6,411	(2,148)	4,967	277	15,447	(13,594)	11,360

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

40 > SEGMENT INFORMATION (CONT'D.)

b > Geographical segments:

The Group operates in three principal geographical areas in the world. In Malaysia, its home country, the Group's areas of operation are principally installation of pipelines and facilities, offshore oil and gas drilling services and provision of marine services to the oil and gas industry. Other operations in Malaysia include investment holding and provision of management services.

The Group also operates in other countries in the Asia Pacific region:

i > Singapore - provision of geotechnical and geophysical services to the oil and gas industry.
ii > Australia - development of marine technology and marine chartering, specialising on ROVs.

The following table provides an analysis of the Group's revenue by geographical segments:

	2009 RM'000	2008 RM'000
Total revenue from external customers		
Malaysia	3,261,087	2,145,079
Singapore	134,659	67,196
Australia	55,956	49,630
Consolidated	3,451,702	2,261,905

The following table provides an analysis of the carrying amount of segment assets and capital expenditure, analysed by geographical segments:

	2009 RM'000	2008 RM'000
Segment assets		
Malaysia	3,251,164	2,702,055
Singapore	89,778	42,049
Australia	59,068	62,500
Consolidated	3,400,010	2,806,604
Capital expenditure		
Malaysia	44,025	198,712
Singapore	2,689	2,676
Australia	10,922	10,036
Consolidated	57,636	211,424

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

40 > SEGMENT INFORMATION (CONT'D.)

c > **Allocation basis**

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

41 > SUBSIDIARIES AND ACTIVITIES

Details of the subsidiaries are as follows:

			Proportion of ownership interest	
Name of Subsidiaries	Country of Incorporation	Principal Activities	2009 %	2008 %
<a> Subsidiaries of SapuraCrest Petroleum Berhad				
+ Probadi Sdn. Bhd.	Malaysia	Investment holding	**100**	100
TL GeoSciences Sdn. Bhd.	Malaysia	Provision of offshore geotechnical and geophysical services	**100**	100
Sapura Energy Sdn. Bhd.	Malaysia	Investment holding, provision of operation and maintenance services, provision of management services and lease financing	**100**	100
Petcon (Malaysia) Sdn. Bhd.	Malaysia	Drilling of offshore oilwells	**100**	100
Petro-Plus Sdn. Bhd.	Malaysia	Investment holding	**100**	100
Crest Hidayat (L) Ltd.	Federal Territory of Labuan, Malaysia	Dormant	**100**	100
Sasaran Perdana Sdn. Bhd.	Malaysia	Dormant	**100**	100
SapuraCrest Dana SPV Pte. Ltd.	Federal Territory of Labuan, Malaysia	Special Purpose Vehicle for the Convertible Bonds	**100**	100
Bayu Padu Sdn. Bhd	Malaysia	Special Purpose Vehicle for the Istisna' Bonds and MMTNs	**100**	100
SapuraCrest Deepwater Pte. Ltd.	Bermuda	Dormant	**100**	100
Nautical Essence Sdn. Bhd.	Malaysia	Investment holding	**100**	100
TL Offshore Sdn. Bhd.	Malaysia	Installation of offshore platforms and marine pipelines	**100**	100
Crest Marine Engineering Sdn. Bhd.	Malaysia	Rental of equipment and provision of engineering services	**100**	100

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

41 > SUBSIDIARIES AND ACTIVITIES (CONT'D.)

Name of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of ownership interest 2009 %	2008 %
<a> Subsidiaries of SapuraCrest Petroleum Berhad (Cont'd.)				
@ Aurabayu Sdn. Bhd.	Malaysia	Dormant	**100**	-
@ Geomark Malaysia Sdn. Bhd.	Malaysia	Dormant	**100**	-
<b> Held through Probadi Sdn. Bhd.				
* Tioman Drilling Company Sdn. Bhd.	Malaysia	Managing rigs involved in drilling offshore oilwells under contracts	**51**	51
* Varia Perdana Sdn. Bhd.	Malaysia	Drilling of offshore oilwells under contracts and managing of rigs chartered out as bareboats	**51**	51
* Crest Tender Rigs Pte. Ltd.	Federal Territory of Labuan, Malaysia	Leasing of vessels / barges	**51**	51
<c> Held through TL Offshore Sdn. Bhd.				
* Total Marine Technology Pty. Ltd.	Australia	Development of marine technology and marine chartering, specialising on ROVs	**94**	80
* Exercize Pty. Ltd.	Australia	Dormant	**94**	80
* Babalon Pty. Ltd.	Australia	Dormant	**94**	80

On 14 April 2008, the Company via its wholly owned subsidiary, TL Offshore Sdn Bhd, increased its shareholding in Total Marine Technology Pty Ltd and it's subsidiaries ("TMT Group") to 90% of its issued and paid up share capital subsequent to the exercise of the put options by Tom Pado, who disposed of his entire 10% shareholding in TMT Group.

Subsequently, on 10 June 2008, the Company via its wholly owned subsidiary, TL Offshore Sdn Bhd, increased its shareholding in TMT Group to 94% of its issued and paid up share capital subsequent to the exercise of the put option by Paul and Geraldine Colley for the 4% out of their 10% shareholding in TMT Group.

@ The results, assets and liabilities arising from the acquisitions are not material to the Group.

41 > SUBSIDIARIES AND ACTIVITIES (CONT'D.)

			Proportion of ownership interest	
Name of Subsidiaries	Country of Incorporation	Principal Activities	2009 %	2008 %
<d> Held through TL GeoSciences Sdn. Bhd.				
TL Geohydrographics Sdn. Bhd.	Malaysia	Hydrographic surveys and related services	**70**	70
# TL Geotechnics (S) Pte. Ltd.	Singapore	Soil investigation and geotechnical services	**100**	100
TL Geotechnics Sdn. Bhd.	Malaysia	Soil investigation and geotechnical services	**100**	100
TL Jaya Sdn. Bhd.	Malaysia	Chartering of vessels	**100**	100
# TL Geohydrographics Pte. Ltd.	Singapore	Hydrographic surveys and related services	**70**	70
# TL Geohydrographics Pty. Ltd.	Australia	Hydrographic surveys and related services	**70**	70
<e> Held through Sapura Energy Sdn. Bhd.				
Sapura Diving Services Sdn. Bhd.	Malaysia	Provision of services relating to marine, oil and gas industries	**100**	100
Sapura Retail Solutions Sdn. Bhd.	Malaysia	Retail automation systems and maintenance services	**100**	100
SE Projects Sdn. Bhd.	Malaysia	Systems integration, software development, general engineering, maintenance and related activities	**100**	100
Sapura Power Services Sdn. Bhd.	Malaysia	Provision of maintenance services to the power utility and oil and gas industries	**94.4**	94.4
Sapura Petroleum Technologies Sdn. Bhd.	Malaysia	Provision of maintenance services	**99.7**	99.7
Malaysian Advanced Refurbishment Services Sdn. Bhd.	Malaysia	Provision of maintenance services to the energy sector	**100**	100
Energy Unlimited Sdn. Bhd.	Malaysia	Investment holding and provision of operations and maintenance services to the oil and gas industry	**100**	100
* Sarku Resources Sdn. Bhd.	Malaysia	Investment holding and the provision of management services	**100**	100

NOTES TO THE FINANCIAL STATEMENTS >> 31 JANUARY 2009

41 > SUBSIDIARIES AND ACTIVITIES (CONT'D.)

			Proportion of ownership interest	
Name of Subsidiaries	Country of Incorporation	Principal Activities	2009 %	2008 %
<e> Held through Sapura Energy Sdn. Bhd. (Cont'd.)				
* Sarku Engineering Services Sdn. Bhd.	Malaysia	Provision of offshore engineering and diving services and marine support and logistic assistance for the oil and gas industry	**100**	100
* Sarku Marine Sdn. Bhd.	Malaysia	Chartering and hiring out of barges, vessels and operational equipment	**100**	100
* Sarku Engineering Services (Offshore) Sdn. Bhd.	Malaysia	Chartering and hiring out of barges, vessels and operational equipment	**100**	100
* Sarku 2000 Sdn. Bhd.	Malaysia	Dormant	**100**	100
* Sarku Samudera Sdn. Bhd.	Malaysia	Dormant	**100**	100
* Sarku Sambang Sdn. Bhd.	Malaysia	Dormant	**100**	100
* Sarku Semantan Sdn. Bhd.	Malaysia	Dormant	**100**	100
* Sarku Utama Sdn. Bhd.	Malaysia	Dormant	**100**	100
* Sarku Vessels Pte. Ltd.	Federal Territory of Labuan, Malaysia	Leasing of barges, vessels and operational equipment	**100**	100
* Prominent Energy Sdn. Bhd.	Malaysia	Leasing of barges, vessels and operational equipment	**100**	100

+ Subsidiaries consolidated under the merger method of accounting

* Audited by firms other than Ernst & Young

Audited by affiliate of Ernst & Young, Malaysia

ANALYSIS OF SHAREHOLDINGS >> AS AT 8 MAY 2009

Authorised Share Capital	:	RM1,000,000,000.00
Issued and Paid-Up Share Capital	:	RM253,794,384.80 comprising 1,268,971,924# Ordinary Shares of RM0.20 each
Class of Security	:	Ordinary Shares of RM0.20 each
Voting Rights	:	With respect to Ordinary Shares, any shareholder entitled to vote at a shareholders' meeting either in person or by proxy or by attorney or representative shall have one vote for every share he holds.
No. of Shareholders	:	20,950 Shareholders

Notes :

\# As at 8 May 2009, 1,268,962,824 Ordinary Shares of RM0.20 each out of the total issued and paid-up share capital of 1,268,971,924 Ordinary Shares of RM0.20 each were listed and quoted on the Main Board of Bursa Malaysia. The balance of 9,100 Ordinary Shares of RM0.20 each were allotted but have yet to be listed and quoted on the Main Board of Bursa Malaysia as at 8 May 2009.

DISTRIBUTION OF ORDINARY SHARES

Based on Record of Depositors as at 8 May 2009

	No. of Shareholders		No. of Shares Held		%	
Category By Size	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 100 shares	785	7	23,604	175	0.0019	0.0000
100 to 1,000 shares	5,760	81	4,439,717	66,207	0.3499	0.0052
1,001 to 10,000 shares	10,741	228	48,519,427	1,108,799	3.8235	0.0874
10,001 to 100,000 shares	2,841	146	83,112,226	5,235,958	6.5496	0.4126
100,001 to less than 5% of issued shares	298	60	290,891,184	106,884,963	22.9235	8.4230
5% and above of issued shares	2	1	440,315,764	288,364,800	34.6989	22.7245
SUB-TOTAL	20,427	523	867,301,922	401,660,902	68.3473	31.6527
TOTAL	20,950		1,268,962,824		100.00	

ANALYSIS OF SHAREHOLDINGS >> AS AT 8 MAY 2009

DISTRIBUTION OF ORDINARY SHARES (CONT'D.)

Based on Record of Depositors as at 8 May 2009

Classification of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares
Individual	17,461	83.35	151,711,628	11.96
Body Corporate :				
Banks/ Finance Companies	44	0.21	5,644,503	0.45
Trusts/Foundations/Charities	4	0.02	124,000	0.01
Private Limited Companies	167	0.80	19,071,148	1.50
Government Agencies/Institutions	7	0.03	35,592,347	2.80
Nominees	3,267	15.59	1,056,819,198	83.28
TOTAL	20,950	100.00	1,268,962,824	100.00

Location of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares
Malaysia	20,762	99.10	1,266,211,192	99.78
Singapore	139	0.66	2,429,778	0.19
United Kingdom	5	0.02	22,022	0.00
Hongkong	2	0.01	24,000	0.00
Australia	11	0.05	78,722	0.01
Japan	1	0.00	10,000	0.00
America	2	0.01	6,000	0.00
Philipines	2	0.01	2,666	0.00
France	1	0.00	3,000	0.00
Taiwan	2	0.01	10,222	0.00
Thailand	1	0.00	1,000	0.00
Canada	1	0.00	10,000	0.00
New Zealand	2	0.01	7,222	0.00
Brunei	11	0.05	113,000	0.01
Others	8	0.04	34,000	0.00
TOTAL	20,950	100.00	1,268,962,824	100.00

ANALYSIS OF SHAREHOLDINGS >> AS AT 8 MAY 2009

DIRECTORS' DIRECT AND DEEMED INTERESTS IN THE ORDINARY SHARES

Based on Register of Directors' Shareholdings as at 8 May 2009

	Direct Interest		Deemed Interest	
Director	No. of Shares Held	%*1	No. of Shares Held	%*1
Dato' Hamzah Bakar	1,250,000	0.099	-	-
Datuk Shahril Shamsuddin	61,958	0.005	511,387,864*2	40.299
Tan Sri Datuk Amar (Dr.) Hamid Bugo	131,000	0.010	-	-
Tan Sri Ibrahim Menudin	-	-	-	-
Dato' Fauziah Dato' Ismail	-	-	-	-
Gee Siew Yoong	-	-	-	-
Mohamed Rashdi Mohamed Ghazalli	50,000	0.004	50,000*3	0.004
Shahriman Shamsuddin	488,625	0.039	511,387,864*2	40.299

Notes:

*1 Based on the total issued paid-up share capital of 1,268,971,924 Ordinary Shares of RM0.20 each as at 8 May 2009.

*2 Deemed interested by virtue of his direct and indirect interest in Sapura Technology Berhad, Sapura Holdings Sdn Bhd, Indera Permai Sdn Bhd and Sapura Capital Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

*3 Deemed interested by virtue of Section 6A of the Companies Act, 1965.

DIRECTORS' INTERESTS IN THE EMPLOYEE SHARE OPTION SCHEME

As at 8 May 2009

Director	No. of Share Option	Option Price Per Share (RM)
Dato' Hamzah Bakar	-	-
Datuk Shahril Shamsuddin	1,400,000	1.12
	1,400,000	0.54
	1,162,000	0.75
Tan Sri Datuk Amar (Dr.) Hamid Bugo	-	-
Tan Sri Ibrahim Menudin	-	-
Dato' Fauziah Dato' Ismail	-	-
Gee Siew Yoong	-	-
Mohamed Rashdi Mohamed Ghazalli	-	-
Shahriman Shamsuddin	-	-

ANALYSIS OF SHAREHOLDINGS >> AS AT 8 MAY 2009

SUBSTANTIAL SHAREHOLDERS

Based on Register of Substantial Shareholders as at 8 May 2009

Shareholder	Direct Interest No. of Shares Held	Direct Interest %*1	Deemed Interest No. of Shares Held	Deemed Interest %*1
Sapura Technology Berhad	486,894,964	38.369	-	-
Sapura Holdings Sdn Bhd	-	-	511,387,864*2	40.299
Brothers Capital Sdn Bhd	-	-	511,387,864*3	40.299
Datuk Shahril Shamsuddin	61,958	0.005	511,387,864*4	40.299
Shahriman Shamsuddin	488,625	0.039	511,387,864*4	40.299
Seadrill Limited	288,364,800	22.724	-	-

Notes:

*1 Based on the total issued paid-up share capital of 1,268,971,924 Ordinary Shares of RM0.20 each as at 8 May 2009.

*2 Deemed interested by virtue of its direct interest in Sapura Technology Berhad, Indera Permai Sdn Bhd and Sapura Capital Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

*3 Deemed interested by virtue of its direct interest in Sapura Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

*4 Deemed interested by virtue of his direct and indirect interest in Sapura Technology Berhad, Sapura Holdings Sdn Bhd, Indera Permai Sdn Bhd and Sapura Capital Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

30 LARGEST SHAREHOLDERS

Based on Record of Depositors as at 8 May 2009

No.	Name	No. of Shares Held	%*1
1.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR SAPURA TECHNOLOGY BERHAD (BANKING)	331,320,318	26.1095
2.	CARTABAN NOMINEES (ASING) SDN BHD NORDEA BANK NORGE ASA FOR SEADRILL LIMITED	288,364,800	22.7244
3.	CIMSEC NOMINEES (TEMPATAN) SDN BHD SAPURA TECHNOLOGY BERHAD	108,995,446	8.5893
4.	CIMSEC NOMINEES (TEMPATAN) SDN BHD SAPURA TECHNOLOGY BERHAD (ESOS POOL ACCOUNT)	46,579,200	3.6707
5.	EMPLOYEES PROVIDENT FUND BOARD	33,316,547	2.6255
6.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR SAPURA CAPITAL SDN BHD (PB)	23,659,600	1.8645
7.	HLG NOMINEE (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	22,789,910	1.7959

ANALYSIS OF SHAREHOLDINGS >> AS AT 8 MAY 2009

30 LARGEST SHAREHOLDERS (CONT'D.)

Based on Record of Depositors as at 8 May 2009

No.	Name	No. of Shares Held	%*1
8.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NA, SINGAPORE (JULIUS BAER)	17,865,980	1.4079
9.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)	11,595,700	0.9138
10.	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD AMANAH SAHAM MALAYSIA	11,000,000	0.8668
11.	CARTABAN NOMINEES (ASING) SDN BHD STATE STREET MUNICH FUND U90A FOR HSH NORDBANK INTERNATIONAL S.A.	8,022,055	0.6322
12.	CITIGROUP NOMINEES (ASING) SDN BHD GSCO FOR FRONTPOINT ASIA PACIFIC FUND LP	7,167,800	0.5649
13.	UOBM NOMINEES (ASING) SDN BHD HCM LOGISTICS LIMITED	6,565,000	0.5174
14.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD ING INSURANCE BERHAD (INV-IL PAR)	6,413,000	0.5054
15.	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD AMANAH SAHAM DIDIK	5,550,000	0.4374
16.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC (CLIENT)	5,500,000	0.4334
17.	LOO EAN CHOO	4,820,000	0.3798
18.	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG SINGAPORE FOR DELTA ASIA INVESTMENTS LIMITED	4,600,000	0.3625
19.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	4,530,400	0.3570
20.	SBB NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	4,472,300	0.3524
21.	CHOOT EWE HIN	4,070,060	0.3207

ANALYSIS OF SHAREHOLDINGS >> AS AT 8 MAY 2009

30 LARGEST SHAREHOLDERS (CONT'D.)

Based on Record of Depositors as at 8 May 2009

No.	Name	No. of Shares Held	%*1
22.	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD PUBLIC ISLAMIC EQUITY FUND	3,650,000	0.2876
23.	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD PUBLIC ISLAMIC SELECT TREASURES FUND	3,601,200	0.2838
24.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (NORGES BANK)	3,550,600	0.2798
25.	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD SEKIM AMANAH SAHAM NASIONAL	3,484,000	0.2746
26.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD CIMB-PRINCIPAL EQUITY FUND	3,090,800	0.2436
27.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CLARIDEN LEU LTD. (SG-CLIENTS NR)	3,040,000	0.2396
28.	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD PUBLIC ISLAMIC DIVIDEND FUND	2,850,000	0.2246
29.	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD AMANAH SAHAM WAWASAN 2020	2,800,000	0.2207
30.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD MANULIFE INSURANCE BERHAD (OL PAR)	2,709,000	0.2135
	TOTAL	985,973,716	77.6992

Notes:

*1 Based on the total listed share capital of 1,268,962,824 Ordinary Shares of RM0.20 each as at 8 May 2009.

PROXY FORM

SapuraCrest Petroleum
SapuraCrest Petroleum Berhad (45631-D)

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

I/We ______________________________
(FULL NAME IN CAPITAL LETTERS)

of ______________________________
(FULL ADDRESS)

being a Member of SAPURACREST PETROLEUM BERHAD, do hereby appoint ______________________________
(FULL NAME IN CAPITAL LETTERS)

of ______________________________
(FULL ADDRESS)

or failing him/her, ______________________________
(FULL NAME IN CAPITAL LETTERS)

of ______________________________
(FULL ADDRESS)

or failing him/her, the CHAIRMAN OF THE MEETING, as my/our proxy to vote for me/us on my/our behalf at the 30th Annual General Meeting to be held at the Multi-Purpose Hall, Ground Floor, Sapura @ Mines, No.7 Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan on Tuesday, 30 June 2009 at 10.00 a.m. or at any adjournment thereof.

Please indicate with an "X" in the space provided below 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.

Resolution		For	Against
ORDINARY RESOLUTION 1	To lay the Audited Financial Statements & Reports.		
ORDINARY RESOLUTION 2	Payment of a single-tier final dividend.		
ORDINARY RESOLUTION 3	Payment of Directors' fees.		
ORDINARY RESOLUTION 4	Re-election of Dato' Hamzah Bakar.		
ORDINARY RESOLUTION 5	Re-election of Dato' Fauziah Dato' Ismail.		
ORDINARY RESOLUTION 6	Re-election of Encik Shahriman Shamsuddin.		
ORDINARY RESOLUTION 7	Re-appointment of Messrs. Ernst & Young as Auditors of the Company.		
ORDINARY RESOLUTION 8	To authorise the Directors under Section 132D of the Companies Act, 1965, to allot and issue new shares in the Company.		

____
Signature /Common Seal of Shareholder

Dated this ____________ day of ____________ 2009

Notes :

1. A member of the Company who is entitled to attend and vote at this Meeting is entitled to appoint up to two (2) proxies to attend and vote on a show of hands or on a poll in his stead. 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.
2. Where a member is an authorised nominee, it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. An instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney; and in the case of a corporate member, shall be either under its common seal or signed by its attorney or an officer on behalf of the corporation.
5. The instrument appointing a proxy must be deposited with the Share Registrar of the Company, Mega Corporate Services Sdn Bhd located at Level 15-2, Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

Fold Here

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SapuraCrest Petroleum Berhad (45631-D)

Proxy Form

STAMP

Mega Corporate Services Sdn Bhd
Level 15-2 Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

SapuraCrest Petroleum Berhad (45631-D)
Sapura@Mines, No.7 Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia
| 603 8659 8800 | 603 8659 8811 | www.sapuracrest.com.my