SapuraCrest Petroleum Berhad (45631-D)
Sapura@Mines, No.7 Jalan Tasik, The Mines Resort City,
43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia
Tel: 603 8659 8800 • Fax: 603 8659 8811
www.sapuracrest.com.my

annual report 2010

SapuraCrest Petroleum Berhad (45631-D)

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Building On Values

SapuraCrest Petroleum

CONTENTS

31st Annual General Meeting

Date : Tuesday, 6 July 2010
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

BUILDING ON VALUES

The theme "building on values" underlines the Group's commitment in crafting success by instilling personal qualities that define the collective values of our workforce.

The individual pictures of our people on the front cover symbolically illustrates the importance of the contribution and effort of our workforce towards the continuing success of our organisation.

Our Core Values
Honourable, Professional, Resourceful, Resilient, Agile

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 31st 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, 6 July 2010 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 2010.
   Ordinary Resolution 1

2. To approve the payment of a single-tier final dividend of 4 sen per share for the financial year ended 31 January 2010.
   Ordinary Resolution 2

3. To approve the Directors' fees for the financial year ended 31 January 2010.
   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. Tan Sri Datuk Amar (Dr.) Hamid Bugo
      Ordinary Resolution 4
   ii. Ms Gee Siew Yoong
      Ordinary Resolution 5
   iii. Encik Mohamed Rashdi Mohamed Ghazalli
      Ordinary Resolution 6

5. 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:

6. **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

7. 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 4 sen per share in respect of the financial year ended 31 January 2010, if approved by the shareholders at the 31st Annual General Meeting, will be payable on 16 August 2010 to Depositors registered in the Record of Depositors at the close of business on 30 July 2010.

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 30 July 2010 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
14 June 2010

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 2010 amounted to RM804,000.

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 ten per centum (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.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting ("AGM") held on 30 June 2009 which will lapse at the conclusion of the forthcoming 31st AGM.

   The renewed mandate will enable the Directors to take swift action in case of a need for corporate exercises or in the event business opportunities arise which involve the issuance of new shares and to avoid delay and cost in convening general meetings to approve such issuance of shares.

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 providers in Malaysia and has steadily expanded its operations beyond the shores of Malaysia to markets stretching from India to China and Indonesia to Australia.


Sapura 3000

CORPORATE INFORMATION

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

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
Tel: 03-8659 8800
Fax:03-8659 8811

AUDITORS

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

SHARE REGISTRAR

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

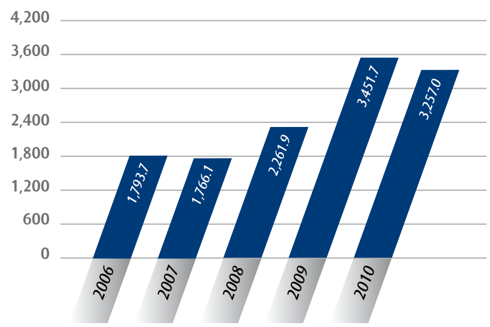
STOCK EXCHANGE LISTING

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

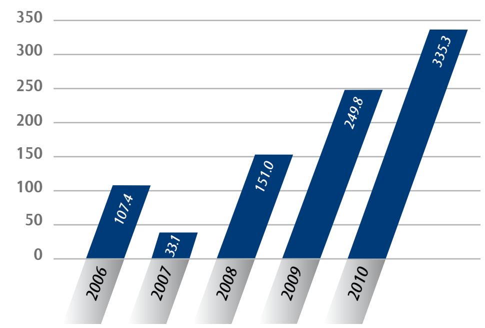
FINANCIAL HIGHLIGHTS

		31 January				
		2006	2007	2008	2009	2010
Revenue (RM'mil)		1,793.7	1,766.1	2,261.9	3,451.7	3,257.0
Profit/(loss) after taxation	(RM'mil)	107.4	33.1	151.0	249.8	335.3
Profit/(loss) attributable to equity holders of the Company	(RM'mil)	74.0	(17.7)	78.3	115.8	172.0
Shareholders' fund	(RM'mil)	475.5	437.2	796.5	922.4	1,063.2
Basic earnings per share	(sen)	8.4	(2.0)	7.5	9.8	13.6
Diluted earnings per share	(sen)	6.6	(2.0)	6.6	9.1	13.6
Net asset per share	(sen)	54.0	49.3	68.2	77.3	83.3
Number of ordinary shares at financial year end	('mil)	880.2	887.1	1,168.4	1,193.8	1,276.7

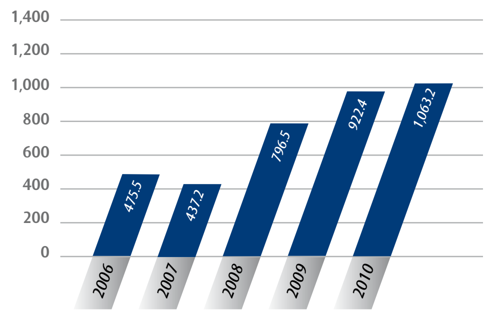
Revenue
RM' MILLION



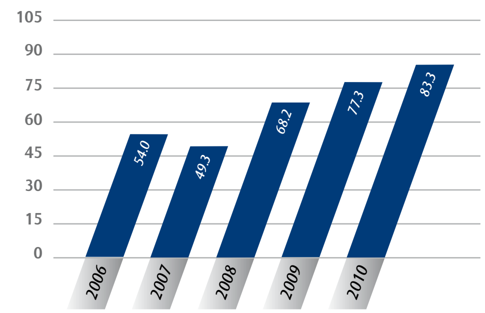
Profit/(loss)
RM' MILLION



Shareholders' fund
RM' MILLION



Net asset per share
SEN



CORPORATE STRUCTURE
As at 26 May 2010

SapuraCrest Petroleum

- 100% Crest Hidayat (L) Ltd
- 100% TL GeoSciences Sdn Bhd
  - 100% TL Geotechnics Sdn Bhd
    - 100% TL Oilserve Sdn Bhd (formerly known as Scomi Oilserve Sdn Bhd)
      - 100% Oilserve (L) Berhad
    - 100% TL Geotechnics (S) Pte Ltd
  - 100% TL Jaya Sdn Bhd
  - 100% TL Geohydrographics Sdn Bhd
    - 100% TL Geohydrographics Pte Ltd
    - 100% TL Geohydrographics Pty Ltd
    - 50% BTL Sdn Bhd
- 100% SapuraCrest Ventures Sdn Bhd (formerly known as Petro-Plus Sdn Bhd)
  - 40% Offshore International FZC
- 100% SapuraCrest Dana SPV Pte Ltd
- 100% Probadi Sdn Bhd
  - 51% Varia Perdana Sdn Bhd
    - 100% Crest Tender Rigs Pte Ltd
  - 51% Tioman Drilling Company Sdn Bhd
  - 50% Uzmal Oil Inc
- 100% TL Offshore Sdn Bhd
  - 94% Total Marine Technology Pty Ltd
    - 100% Excersize Pty Ltd
    - 100% Babalon Pty Ltd
- 100% Crest Marine Engineering Sdn Bhd
- 100% Petcon (Malaysia) Sdn Bhd

- 100% Sapura Energy Sdn Bhd
  - 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
- 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
- 100% Nautical Essence Sdn Bhd
  - 50% SapuraAcergy Sdn Bhd
    - 100% SapuraAcergy (Australia) Pty Ltd
  - 50% SapuraAcergy Assets Pte Ltd

honourable

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

CHAIRMAN'S STATEMENT

'Building On Values'
Honourable, Professional, Resourceful, Resilient, Agile

Dear Shareholders,

I am pleased to report that SapuraCrest Petroleum Berhad (SapuraCrest or the Group) turned in a commendable performance for the financial year ended 31 January 2010 (FY 2010). The Group posted a profit after tax and minority interest of RM172.0 million, which is 48.5% higher than RM115.8 million recorded for the previous financial year. On the operational front, SapuraCrest achieved a record order book of RM11.0 billion, its highest level to date.

The Group's results are all the more satisfying in the face of a very challenging operating environment. While oil prices soared to unprecedented heights in 2008, it also sank to as low as US$34.0 per barrel in December that same year. The drastic price fall had an adverse impact on the international petroleum industry, especially in the upstream exploration and production sector. It is under this unfavourable conditions that SapuraCrest began operations in FY2010. However, despite the challenging environment, SapuraCrest has delivered in terms of improved margins, market positioning, regional reach, strengthening its asset base, and not least of all, continued to enhance shareholder value.

Through the implementation of a well planned strategy in moving forward, SapuraCrest is gaining ground in establishing itself as a regional integrated oil and gas services provider. Through strategic acquisitions of key assets and technologies, continuous development of our people and increased focus in operational efficiency, we have further strengthened the Group's competitive edge and market position. With the momentum already established, we continue to make progress in growing our international business. To this end, we are strengthening the organisation and changing our operational structure to enable us to establish a firmer foothold in regional and global markets.

There are many contributing factors to the Group's success, but I would like to single out the defining role played by our management and staff. As a cohesive team, our people are a formidable force and personify the core values that differentiate SapuraCrest from its industry peers. These core values – Honourable, Professional, Resourceful, Resilient, Agile – are embedded in every employee of the Group and manifested in all aspects of the way we conduct our business. In moving forward, we will continue to build on our core values as we strive towards giving more value to our stakeholders.

On behalf of the Board of Directors, it is my pleasure to present this Annual Report and the Financial Statements of the Group for the financial year ended 31 January 2010.

FINANCIAL PERFORMANCE

The operating environment in the year under review was characterised by extreme volatility in oil prices. In an industry that involves long lead times and high capital costs, such price volatility undermines the ability of the oil and gas industry and its investors to adjust to market conditions and make investment decisions. However, with signs of the global economy rebounding from the worst recession since World War II, oil prices surged by 85.0% during 2009 before settling at around US$70.0 to US$80.0 per barrel by financial year-end. The improved situation has encouraged major oil and gas companies to plan a higher level of investment in exploration and production activities.

DATO' HAMZAH BAKAR
Chairman

The scale and depth of the global turbulence have affected the Group to some extent. While the Installation of Pipelines and Facilities (IPF) and the Drilling Divisions were relatively unscathed with their long term contracts in hand, the Marine Services Division saw most work programmes deferred due to lower oil prices. Nonetheless, the Company's underlying fundamentals remained strong and as such, we were able to turn in a very solid financial performance for FY 2010.

For the year under review, the Group recorded a profit before tax (PBT) of RM364.0 million on the back of revenue of RM3.3 billion. This represented a 29.3% improvement in PBT from RM281.6 million registered previously. Profit after tax and minority interest was posted at RM172.0 million, a 48.5 % increase from RM115.8 million achieved the previous financial year. The Group's overseas operations contributed about 30.0% to revenue during the year, as compared to 25.0% the previous year.

The Group's improved profit performance was attributed mainly to an improved margin in the IPF division including a significant turnaround of our joint-venture, SapuraAcergy Sdn Bhd, and higher drilling rates achieved for the year. This helped offset the weaker performance from Marine services, notably in the offshore soil investigation, survey and maintenance activities.

IPF and Drilling operations continued to be the major contributors, accounting for 78.6% of Group revenue. Marine Services and Operations and Maintenance Divisions accounted for another 19.8 % and 1.6% respectively.

On the strength of its sustained financial performance, anchored by an expanding order book, geographical expansion and new strategic assets, the Group's prospects in moving forward continues to be promising.

DIVIDENDS

In line with the Group's policy to enhance shareholder value, the Board of Directors is pleased to recommend a single tier final dividend of 4 sen per share for the financial year ended 31 January 2010, subject to the approval of shareholders at the forthcoming Annual General Meeting.

If approved, the total dividend paid for FY 2010 including the interim dividend of 3 sen per share paid on 9 November 2009, would amount to 7 sen per share. This would be 40% higher than the 5 sen per share paid out in the previous financial year.

CORPORATE DEVELOPMENTS

On 28 July 2009, the Company's wholly-owned subsidiary, TL GeoSciences Sdn Bhd (TLGS), acquired the remaining 30.0% of the issued and paid-up capital of TL Geohydrographics Sdn Bhd (TLGH) for a total consideration of RM18.0 million. With the acquisition, TLGH has become a wholly-owned subsidiary of the Group.

In another development, Scomi Oilserve Sdn Bhd (SOSB) also became our wholly owned subsidiary after the remaining 60% was acquired from Scomi Group Berhad for a cash consideration of RM8.2 million on 24 August 2009. Being the owner of two anchor handling tugs SOSB (now known as TL Oilserve Sdn Bhd), has enabled the Group to enhance and synergise its service offerings for the IPF and Marine Services Divisions as well as reducing dependency on third-party vessels.

The year in review also saw the Group setting in motion plans to further expand the role of its Operations and Maintenance (O&M) Division to serve as regional maintenance centre for the oil and gas industry turbine equipment. To this end, Sapura Power Services Sdn Bhd has entered into a joint agreement with GE Oil & Gas to improve the existing centre in a collaborative effort to keep pace with international standards thereby enabling the centre to support GE's regional and global needs.

REVIEW OF OPERATIONS

Notwithstanding the global economic downturn and its impact on the oil and gas industry, both IPF and Drilling divisions were insulated from the weak market due to the relatively long term nature of their contracts. By contrast, the Marine Services division is more susceptible to the volatility of the oil price, due to the short term nature of their contracts and the more competitive environment. To this end, the Group has initiated several continuous improvement measures resulting in increased productivity, efficiency and cost savings.

Installation of Pipelines and Facilities (IPF)

FY 2010 was an outstanding year in terms of new contracts secured and the turnaround of SapuraAcergy, the entity equally owned with Acergy. IPF division has in hand an order book of about RM8.5 billion at home and abroad that will keep the division busy until the year 2012.

TL Offshore, our wholly owned subsidiary and SapuraAcergy together dominated the IPF market in Malaysia for both shallow and deepwater work. SapuraAcergy also continued to make major strides in the international market, with three new contracts secured during the year. More significantly, these new contracts in Japan, Australia and India were secured in international bidding against major established global players.

Projects completed during the year included a RM3.0 billion programme for the transportation and installation of offshore pipelines and facilities for PETRONAS Carigali Sdn Bhd (PCSB). IPF division also completed a RM525.0 million contract to transport and install offshore pipelines and facilities for Carigali-PTTEPI Operating Company's (CPOC) development project in the Malaysia-Thailand Joint Development Area (MTJDA). Another major undertaking completed in 2009 was the RM620.0 million Kikeh pipeline project executed by SapuraAcergy. Besides this, SapuraAcergy also completed a RM185.0 million contract awarded by Larsen & Toubro Ltd (L&T) India for the installation of a well-head platform including offshore construction of well-head jackets and topsides for the Mumbai High South Field, developed and operated by the Indian state-owned Oil and Natural Gas Corporation (ONGC).

On the home front, the IPF division was awarded the Pan Malaysia Integrated Transportation and Installation (T&I) contracts under an umbrella tender system covering 11 Production Sharing Contractors (PSCs). The contracts are valued at RM1.5 billion per year over a three-year period beginning in 2010 with an option for two extensions of one year each.

Prior to that, the division also secured one of the biggest local contracts, when it was awarded a 3-year, RM3.0 billion deepwater contract for offshore installation works at the Gumusut-Kakap field, operated by Sabah Shell Petroleum Company Limited (SSPC). A major part of the work will be executed using the Sapura 3000. This will be the Group's second deepwater development project after the Kikeh project. The engineering and procurement phase commenced in March 2009, while offshore installation works started in February 2010.

In respect of contracts abroad, SapuraAcergy was awarded a RM220.0 million contract by Nippon Steel Engineering Co. Ltd. in May 2009 to carry out the Iwaki Platform Decommissioning Project offshore Japan. At more than 20,000 MT, this is the largest platform to be decommissioned in Japan to date. As we go into print, decommissioning works are already underway utilising Sapura 3000. In October 2009, the Group was awarded a RM600.0 million contract by Apache Energy Ltd for the Devil Creek Development Project, offshore Western Australia. The scope of work involves the transportation and installation of pipelines, well-head platform with a 4-legged jacket and topside processing module, subsea tie-in and stabilisation works. Front-end engineering and project preparations are underway, while offshore installation is targeted for late 2010 using Sapura 3000.

Having gained a foothold in the Indian sub-continent, the IPF division continued to make inroads into the market with the award of a RM255.0 million contract to our 40% owned Offshore International FZC (OIF) by L&T, our joint venture partner who owns the remaining 60%. The scope of work involves the transportation and installation of four platform jackets for the Mumbai High North field project. Work is expected to begin in late 2010, using the joint venture's LTS 3000.

Going forward, this division is expected to benefit further from the commissioning of another new derrick lay barge, the QP2000, owned 26% by the Group. Besides ensuring profit internalisation in domestic operations, these two new barges will also put SapuraCrest in a strategically advantageous position regionally.

Offshore Oil and Gas Drilling (Drilling)

All five of the division's self-erecting tender assisted rigs (SETRs) were fully utilised throughout the year in review under long-term contracts. The T-9, has been contracted to ExxonMobil Exploration and Production Malaysia Incorporated (EMEPMI) since January 2001 and will continue until January 2012 after the contract was extended in 2009 for a further three years. The T-3 has been contracted by Seadrill for PTT Exploration and Production Public Company of Thailand until June 2012, while the charters for the T-10 and T- 6 deployed at the MTJDA for Carigali Hess and CPOC since 2007 will continue at least until August and December 2010 respectively. The Teknik Berkat, has been in service with PCSB since April 2008 and the contract is due to end in April 2012.

Marine Services

For the Marine Services division, the Group has a fleet of vessels to cater for different requirements of the division. For geotechnical and geophysical services, an additional new vessel has been commissioned this year to complement

the 5 existing dedicated vessels equipped to conduct geophysical site surveys, soil investigation campaigns and hydrographic surveys, among many others. The division also has a number of multi-purpose offshore support vessels, workboats and work barges to perform a variety of offshore and subsea operations. These vessels are ably supported by a growing number of saturated and air diving systems and a fleet of Remote Operated Vehicles (ROVs) that have the flexibility to be configured to differing work scopes and situations.

In Malaysia, Marine Services division completed a 5-year contract valued at RM150.0 million for EMEPMI's topside maintenance programme for its facilities offshore Peninsular Malaysia. Among the overseas projects, a 2-year hook-up and commissioning project worth RM88.0 million was completed for Conocophillip's facilities in the North Belud field, offshore Indonesia. In India, the division provided construction support services under a RM57.0 million contract awarded by Allseas, a major offshore installation contractor, in addition to the RM250 million platform refurbishment project for ONGC. Offshore Australia, ROV services were provided to a consortium of companies led by the Royal Dutch Shell Group under RM42.0 million contract.

Marine Services has several ongoing projects in Malaysia, Myanmar, Madagascar and Australia. In Malaysia, the division has 3 contracts worth RM928.0 million to provide hook-up and commissioning, diving and soil investigation services to various PSCs. In Myanmar, soil investigation work is ongoing under RM14.0 million contract with PTTEP International. The division has also been awarded a RM7.0 million contract by Canadian company, Niko Resources Ltd, to undertake geophysical surveys offshore Madagascar. In offshore Australia, in addition to the current RM42.0 million contract, the division has recently secured another contract worth RM90.0 million from Chevron Australia Pty Ltd for provision of ROV services.

Operations And Maintenance (O&M)

The Group's O&M Division activities are mainly carried out by Sapura Power Services Sdn Bhd (SPS), Malaysian Advanced Refurbishment Services Sdn Bhd (MARS) and Sapura Retail Solutions Sdn Bhd (SRS). SPS has established itself as a provider of gas turbine services, while MARS specialises in the repair and refurbishment of gas turbines and its components. SRS provides retail automation system and IT services for petrol stations.

During the year, MARS continued to make headway in the overseas market, with contracts secured from power generation companies in India (NTPC Jhanor and NTPC Dadri) and Indonesia (PJB Gresik).

Chairman's Statement (cont'd)

Bigger things are in store for both SPS and MARS following the signing of an agreement with GE Oil & Gas. The plan is to expand and enhance the division's service centre to serve the needs of the regional oil and gas industry.

SRS is also expanding its regional reach by having pilot projects in Indonesia and Phillipines, which will put the company in a strategic position to capture bigger markets in both countries.

HEALTH, SAFETY & ENVIRONMENT

The Group has continually raised the bar in all areas of Health, Safety and Environment (HSE) and FY 2010 saw the introduction of new measures to improve the HSE culture and performance. As summarised below, these initiatives were focused on harmonising systems and procedures and raising the visibility of top management involvement in HSE group-wide:

- **Establishment of Group HSE Integration Working Committee**

The function of the working committee is to integrate and synergise all Group HSE initiatives, programmes and approaches to maximise the impact and to sustain the momentum.

- **Establish Platforms for Senior Management**

The Group HSE Steering Committee, Executive HSE Leadership Workshop and Group HSE Managers forums are all effective platforms for Senior Management to oversee and monitor HSE performance, as well as to formulate and implement strategies and new initiatives for improvements.

- Improving Sub-contractors' HSE Performance

This is being achieved through the establishment of a HSE selection criteria and annual performance evaluation for subcontractors. Briefings and dialogue sessions with subcontractors' senior management are held to ensure subcontractors' commitment and compliance to SapuraCrest HSE procedures and culture.

- Senior Management Site Visits

Site visits are organised on a quarterly basis for senior management which include HSE walkabouts, site inspections and engagement sessions with staff.

- Embarking on various HSE awareness program

HSE awareness program such as Hands & Finger Injury Prevention Campaign, Property Damage Incident minimisation, Near Miss Incident Reporting and Defensive Driving.

- Dissemination of HSE Lessons Learnt

Key lessons learnt from incident investigation reports, audit and inspection findings and the U-See U-Act reporting programme are deliberated at internal forums and communicated to all relevant personnel. These also form critical inputs for Construction Risk Assessment and Job Safety Analysis for future project execution.

- Establishment of HSE House rules and HSE 24-7

The year in review saw the establishment of HSE House Rules, applicable not only to all premises and work areas of the Group, but also for employees to observe at home and generally at all times for their own health and safety as well as of their families.

With the roll-out of all these measures and new initiatives, the seeds for a HSE-conscious culture have been sown and continuously nurtured. The active participation of management, employees and business partners is a key ingredient of success of our HSE programme. SapuraCrest emphasises that HSE is everybody's business and to this end KPIs have been formulated, monitored and reviewed to maintain alertness and commitment to HSE principles. A structured HSE training programme is also implemented to ensure formal training is provided to all our staff especially those who are involved in operations.

Emergency drills are continually planned and held for every project location, barge, vessel and offshore facility that we are working. These drills are tailored to equip our people to deal with a variety of scenarios and to test system readiness and efficiency. After each exercise, findings are monitored, assessed and reviewed to identify gaps and shortfalls so that remedial measures can be adopted. The Group has recently set up a Centralised Emergency Command Centre to deal with any emergency or crisis that may occur at any of the Group's operations regionally.

In terms of performance measured by the Total Recordable Case Frequency (TRCF), the Group has achieved better results compared to the previous financial year. TL Geohydrographics Sdn Bhd continued to lead the field, operating for nine straight years or almost 8 million man-hours without Lost-Time Injury (LTI). Our HSE achievements have also been recognised by the major PSCs with TL Offshore Sdn Bhd (TLO) winning three awards: Contractor Category (Major Health) at the PETRONAS Group HSE & Sustainable Development Awards 2008/2009; CPOC Achievement Award for HSE Excellence; and the 2008 International Pipelines & Offshore Contractor Association (IPLOCA) Health & Safety Award where TLO emerged Runner-up.

There can be no room for complacency as far as HSE is concerned and already, we have planned for more new initiatives ready to be rolled out. These include, among others, Subcontractors' Management HSE Briefings, Line Management HSE Leadership, CEO HSE Suggestion and Communication Box, Process & Procedure Enhancement i.e Management of Change & Consequence Management, Integrated Risk-Quality-HSE Induction Programme and the setting up of a HSE Counselling Unit.

HUMAN RESOURCE STRATEGY

To SapuraCrest, our employees are our key assets. We have a highly skilled and experienced team consisting of 609 technical staff, 729 non-technical staff and about 1,500 offshore personnel. They are remarkable in their diversity of talents, their energy and their commitment to the enduring values that have made this Company so successful.

Chairman's Statement (cont'd)

Human capital is key to sustaining long-term competitive advantage and this is encapsulated in the Group Human Resource (HR) Vision Statement. In support of this Vision, HR's mission is summarised as follows:

- Be identified as an employer of choice in the regional oil and gas services sector.
- Continually building a pool of leaders to steer the business.
- Create and maintain a dual talent strategy of 'building' and 'buying' talent.
- Compete by being technically proficient and efficient.
- Maintain the existing pool of talents and leaders.

In translating its new Vision and Mission, HR is focusing its attention on three main areas: talent supply; positioning SapuraCrest as an employer of choice; and enhancing workforce competitiveness.

Due to the major expansion in the oil and gas industry in recent years, the industry is faced with a shortage of skilled and experienced manpower. To address this, the Group has diversified its talent supply sources. While SapuraCrest is continually developing its own talent pool, the secondment of specialist technical staff from our joint-venture partners is another important source. To date, we have more than 50 staff on secondment from Acergy and L&T. At the same time, our own staff members have also been attached to Acergy and L&T as part of their learning and training process. For long term sustainability, the Group is establishing strategic relationships with universities at home and abroad whereby talented fresh graduates are recruited as engineering and management associates with structured training programmes for medium to long term career development.

In positioning SapuraCrest as an attractive employer, we have in place a strategic plan for employee engagement, by offering more competitive employee benefits as well as fostering a conducive work culture and environment. Regular engagement sessions were held with staff in order to promote better understanding of the respective parties' needs, concerns and expectations. Through market surveys and benchmarking, the Group is able to offer its staff terms that are competitive with the current industry and market practices. To establish a conducive work culture, we have identified specific programmes whereby management and senior staff can play leadership roles in mentoring, coaching and influencing employees towards realising their potential and developing greater sense of pride and ownership. Mentors also play an important role in instilling corporate core values, reminding our people of the important role they play in contributing to the success of the Group and, ultimately, their own success.

To ensure workforce competitiveness, the Group has implemented an attractive and competitive reward system. The system is based on the principle of pay-for-performance which is implemented in a manner designed to create greater

recognition and motivation. At the same time, we are also implementing a Long-Term Retention Plan to ensure availability of the necessary skills and talent for the Group. There are also plans to kick-start a mentoring programme to assist employees in their development and career growth.

CRAFTING SUCCESS

The Group's business model has proven its resilience after having successfully navigated through the industry turbulence of the past year. Our business model is based on a three-fold strategy of improving margins, regional expansion and enhancing our asset capability especially for deepwater operations.

By resolutely focusing on the implementation of our strategy, SapuraCrest is firmly on the path to become a key regional player, having already established a presence in India, Australia, Russia, Japan and part of Africa, in addition to most of Southeast Asian countries. Several new contracts secured during the year have solidified our reputation overseas. For instance, the Devil Creek Development Project offshore Australia came as a good follow-through to the completion of the Mumbai High South Redevelopment Phase 2 Project in India and the award of the Iwaki Platform Decommissioning Project in Japan.

The Group has further consolidated its presence in India with the award of a RM255.0 million pipeline installation contract as mentioned earlier. India holds interesting prospects for the Group as it has

embarked on major oil and gas exploration and production programmes to reduce its dependence on foreign oil and to fuel its rapidly developing economy. The Indian sub-continent is a good springboard for SapuraCrest to venture into the potentially lucrative markets in the Middle East and Africa after successful market penetration into Japan and Australia. The Company targets to increase overseas revenue contribution from 30.0% in FY 2010 to 50.0% over the next three years.

The Group has invested more than RM2 billion in strategic assets and technology over the past 5 years to win bids and to provide technologically superior and high quality services. Sapura 3000 is a prime example of a strategy that is paying off, having fulfilled its promise of being a strong earnings growth catalyst for the Group. Our growing stable of assets will include the heavy lift cum pipelay vessel, LTS 3000, a new generation construction vessel that combines superior functional efficiency with high value features, under our joint venture with L&T. This is complemented by a new medium lift pipelay vessel QP2000 under a joint venture with Quippo Prakash Marine Holdings Pte (Quippo) of India. The two vessels will be deployed for the recently awarded Pan Malaysia Integrated T&I contracts. LTS 3000 will also be utilised for the Mumbai High North Field Development Project later this year.

The Marine Services division has also taken delivery of Sarku 300, a new accommodation work barge. Our Australian subsidiary Total Marine Technology Pty Ltd, has launched its new deepwater ROV, the Typhoon at the Oil & Gas Asia 2009 Exhibition in June 2009. Designed and built in-house, the unique feature of the Typhoon is the patented seabed-referenced positioning system for deepwater capabilities. With the addition of the Typhoon, SapuraCrest currently has 12 ROVs in its fleet, with two more currently under construction.

Even as we embark on the asset enhancement strategy, we constantly manage costs whilst improving productivity and efficiency. This was the major thrust of a continuous improvement programme that was launched last year. With full commitment and support from our people, these efforts are already bearing fruit with significant savings due to efficiency improvement realised last year.

In the eyes of the public, SapuraCrest stands for many things and many see us as a home-grown Malaysian success story not only domestically but in competing regionally. It is no secret, however, that the core of our success has always been our people and our corporate values and by building on these values, SapuraCrest is what it is today, an entity respected by industry peers and customers alike at home and in the global market place.

Although we are proud of what we have achieved so far, there is still more to do. With the Group's collective values firmly entrenched in the mindset of our people, we will continue to strive harder to be recognised as the preferred one-stop centre in providing complete integrated services and solutions to the oil and gas industry.

IN THE PIPELINE

Although the Group has achieved great success over the last few years, I believe that SapuraCrest is only at the beginning of even greater things to come. FY 2011 is already shaping up to be a promising one. According to Bank Negara Malaysia, the global economy entered 2010 on a recovery mode. Global economic growth picked up greater momentum in the final quarter of 2009, underpinned by stronger activity in the emerging economies. The Malaysian economy is expected to expand by 4.5-5.5% in 2010, with improved performance across most sectors.

Supported by expectations of economic recovery and higher oil demand, analysts have projected oil prices to stabilise around US$70.0 – US$80.0 per barrel in the coming year. At these prices, there is strong motivation for oil producers to continue upstream programmes. PETRONAS for one, is expected to increase spending by 12.0 % in the near future in order to maintain the average national oil production rate of 650,000 to 750,000 barrels per day. Malaysia's oil reserves are estimated at 5.52 billion barrels, which will have a lifespan of 22 years at current production rates. As such, PETRONAS and the other oil majors would need to re-start greenfield upstream projects in a more substantial way by the second half of FY 2010 to sustain longer-term production targets. Furthermore, PETRONAS' widening international exposure also opens doors for home-grown service providers like SapuraCrest to extend their operations overseas.

With much of the continental shelf already explored, the industry is pushing more and more towards the deepwater areas. The coming onstream of Kikeh to be followed soon by Gumusut, Malikai and Kebabangan and the discovery of other deepwater fields offshore Malaysia has given impetus to a more aggressive deepwater exploration programme. Asian deepwater expenditure over 2009-2013 is expected to almost double compared to the previous 5-year period. Over the same period, Australasia is expected to spend RM16.0 billion (US$5.0 billion) on deepwater development, 3 times more than the previous 5 years.

Although the Group has a sizeable and sustainable order book, we remain alert to unfolding opportunities coming our way. The IPF division is bidding for contracts worth in excess of RM2 billion and is expected to continue its strong performance. Activities in Marine Services are likely to trend upwards in line with improved oil prices. On the strength of the two contracts awarded by the PETRONAS Group, O&M is also expected to improve its performance.

With these and many other new projects to be announced in the pipeline, the future is indeed looking very positive for SapuraCrest.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to place on record our gratitude to all our people working at home and overseas for their individual dedication and contributions towards a very commendable FY 2010. Their teamwork, commitment, professionalism and hard work underpin the Group's performance now and in moving forward. I would also like to take this opportunity to congratulate our Executive Vice-Chairman, YBhg Datuk Shahril Shamsuddin on being conferred the Ernst and Young Entrepreneur of the Year award for 2009. I am sure his passion and drive will continue to be an inspiration for us all to play our part in pushing SapuraCrest to greater heights.

Many others have also contributed to the success of the Group in many different capacities. They include our various stakeholders, clients, business associates, financiers, government authorities and agencies. Our shareholders and our clients, notably PETRONAS, have always been supportive and we hope to build on the trust that we have established. Last, but not least my fellow members on the Board who have made very valuable contributions through their wise counsel and active involvement in corporate governance.

I thank all of you as we look forward to FY 2011 with enthusiasm and confidence.

DATO' HAMZAH BAKAR
Chairman

Sources:

1. *Striving for Stability in Global Energy Markets, Speech by OPEC Secretary General, 30-31 March 2010*
2. *International Energy Outlook, U.S. Energy Information Administration*
3. *International Energy Agency, Oil Market Report, 13 April 2010*
4. *OPEC 156th Meeting Concludes , 17 March 2010*
5. *Foreign Ambitions, StarBiz Week, 20 February 2010*
6. *Bank Negara Malaysia 2009 Annual Report*

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.


SAPURA

BOARD OF DIRECTORS

Dato' Hamzah Bakar
Non-Independent Non-Executive Chairman

Datuk Shahril Shamsuddin
Executive Vice-Chairman

Dato' Fauziah Dato' Ismail
Independent Non-Executive Director

Gee Siew Yoong
Independent Non-Executive Director




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

Tan Sri Ibrahim Menudin
Independent Non-Executive Director

Mohamed Rashdi Mohamed Ghazalli
Independent Non-Executive Director

Shahriman Shamsuddin
Non-Independent Non-Executive Director

DIRECTORS' PROFILE

Dato' Hamzah Bakar
(Non-Independent Non-Executive Chairman)

Dato' Hamzah Bakar, aged 66, 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 CIMB Group Holdings Berhad, SCOMI Group Berhad and CIMB Investment Bank Berhad.

Datuk Shahril Shamsuddin
(Executive Vice-Chairman)

Datuk Shahril Shamsuddin, aged 49, 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 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.

The winner of Malaysia's Ernst & Young Entrepreneur Of The Year Award for 2009, 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.

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

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 Sdn Bhd, 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 (MARTRADE) 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, aged 64, 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 Arts in Economics. He also holds a Postgraduate Diploma in Teaching (NZ) 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.

His working experience includes Administration Manager, Malaysia LNG Sdn. Bhd. (a joint venture of Petronas, Shell and Mitsubitshi), the first General Manager of Land Custody and Development Authority, Sarawak, Permanent Secretary, Ministry of Resouce Planning, Sarawak and State Secretary of Sarawak. 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.

Currently Tan Sri Hamid sits on the board of Sapura Resources Berhad, Superlon Holdings Bhd, Sarawak Consolidated Industries Bhd., Permodalan Sarawak Berhad, X-Fab Silicon Foundries NV and a member of the Supervisory Committee Industrial Division, Sime Darby Bhd. He is also active in charitable activities as Chairman of Yayasan Kemajuan Insan (YAKIN) and a board member of Lembaga Amanah Kebajikan Masjid Sarawak and Chairman of the State Library 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 Advisory Committee.

Tan Sri Ibrahim Menudin
(Independent Non-Executive Director)

Tan Sri Ibrahim Menudin, aged 62, 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 the Malaysian Institute of Certified Public Accountants as well as the Malaysian Institute of Accountants.

Tan Sri Ibrahim 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.

Tan Sri Ibrahim was appointed the Group Chief Executive of Malaysia Mining Corporation Berhad from March 1986 to 31 October 2001. He was also the Chairman of Malaysia Smelting Corporation Berhad, Gas Malaysia Sdn Bhd, 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 Deputy Chairman of Sabah Forestry Development Authority (SAFODA).

Dato' Fauziah Dato' Ismail
(Independent Non-Executive Director)

Dato' Fauziah Dato' Ismail, aged 67, 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 Sapura Resources Berhad, KAF-Seagroatt & Campbell Berhad and CCK Consolidated Holdings Berhad.

Gee Siew Yoong
(Independent Non-Executive Director)

Ms Gee Siew Yoong, aged 60, 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 financial institution undergoing rescue and reorganisation under the supervision of the Central Bank. She held the position until the successful completion of the reorganisation in 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 is also on the Board of Sapura Resources Berhad.

Mohamed Rashdi Mohamed Ghazalli
(Independent Non-Executive Director)

Encik Mohamed Rashdi Mohamed Ghazalli, aged 53, 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.

Directors' Profile (cont'd)

Shahriman Shamsuddin
(Non-Independent Non-Executive Director)

Encik Shahriman Shamsuddin, aged 41, 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 automotive 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. Both are deemed to have an indirect interest of 40.06% in SapuraCrest as at 21 May 2010 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 2010 can be found on page 47 of this Annual Report.

MANAGEMENT

Chief Executive Officer's Profile

Rohaizad Darus
(Chief Executive Officer)

Encik Rohaizad Darus, aged 45, a Malaysian, was appointed as the Chief Executive Officer of SapuraCrest on 1 February 2010.

Encik Rohaizad holds a Bachelor of Science in Mechanical Engineering from California State University, USA.

Encik Rohaizad has been involved in the oil & gas industry for the past 22 years. He began his career with Petronas Gas and thereafter with ESSO Production Malaysia Inc. Encik Rohaizad has been with the Sapura Group for the past 9 years. He was the Chief Operating Officer of SapuraCrest before assuming his present position with SapuraCrest.

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

Encik Rohaizad 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.

Currently, Encik Rohaizad does not have any interest in the securities of the Company and/or its subsidiaries for the financial year ended 31 January 2010.

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.


pura 3000
NASSAU

MANAGEMENT TEAM

Standing, from Left

Ahmad Daman Huri Kamaruddin – *Director, Sapura Energy* Shaharel Shafiei – *Head, Strategic Planning* Kevin Khoo – *Director, Asset Management* Tom Pado – *Director, Total Marine Technology* Abdul Hamid Othman – *Director, TL GeoSciences Group* Rose Mat – *Director, Sapura Retail Solutions* Lai Swee Sim – *Head, Group Business Planning* Mohamad Basri Sulaiman – *General Manager, Tioman Drilling Company*

Sitting, from Left

C.J. D'Cort – *Chief Executive Officer, SapuraAcergy* Ahmad Sharifuddin Abdul Kadir – *Head, Group HSE & Business Management* Finton Tuan – *Head, Legal & Corporate Secretarial*

Standing, from Left

Azman Kassim – *Deputy General Manager, Group Business Process & Compliance* **Bernard Morden** – *Director, Underwater Services*
Muhadzir Musa – *Director, Project Division 1* **Noor Ashiah Yang** – *Head, Group Human Resource* **Teo Hock Choon** – *Director, Business Services & Control*
Ramesh Kumar – *Head, Special Projects* **Haikel Ismail** – *Head, Group Internal Audit* **Vivek Arora** – *General Manager, International Division*

Sitting, from Left

Rohaizad Darus – *Chief Executive Officer* **Datuk Shahril Shamsuddin** – *Executive Vice-Chairman* **Azmi Arshad** – *Chief Financial Officer*

CORPORATE CALENDAR

17 March 2009
The grant of a Letter of Award from Sabah Shell Petroleum Company Limited ("Shell") for the performance of offshore installation work at Shell's Gumusut-Kakap Offshore Fields. The work is expected to be for a duration of 3 years with a base price of USD825 million.

25 May 2009
The award of a contract from Nippon Steel Engineering Co. Ltd for the performance of decommissioning works of offshore installation works. The value of the contract is approximately USD60 million.

29 May 2009
Announcement of the Company's Audited Financial Statements for the financial year ended 31 January 2009.

2 June 2009
Acquisition of 60% of the total issued and paid-up share capital of TL Oilserve Sdn Bhd (formerly known as Scomi Oilserve Sdn Bhd).

7 to 9 June 2009
Participation in the 14th Annual Asia Oil & Gas Conference.

10 to 12 June 2009
Participation in the Oil and Gas Asia Exhibition.

17 June 2009
Announcement of unaudited 1st Quarter Financial Results for financial year ended 31 January 2010.

26 June 2009
Launching of "Sapura Community".

30 June 2009
Convening of the Company's 30th Annual General Meeting.

16 July 2009
Acquisition of 30% of the total issued and paid-up share capital of TL Geohydrographics Sdn Bhd.

10 September 2009
Announcement of unaudited 2nd Quarter Financial Results for financial year ended 31 January 2010.

10 September 2009
Declaration of a single-tier interim dividend of 3 sen per share for the financial year ended 31 January 2010.

25 May 2009

10 to 12 June 2009

10 to 12 June 2009

26 June 2009


2 October 2009


10 & 11 November 2009


15 December 2009

22 January 2010

1 June 2010

2 October 2009
The award of a contract from Apache Energy Limited for the transportation and installation of offshore facilities in Australia. The value of the contract is approximately USD170 million (RM600 million).

10 & 11 November 2009
In-house training for all Directors of the Sapura Group.

15 December 2009
Ernst & Young Entrepreneur Of The Year Malaysia 2009 Awards Ceremony.

24 December 2009
The award of a joint contract by 11 of Petronas' Production Sharing Contractors ("PSCs") for the provision of works and services for the transportation and installation of offshore oil and gas facilities and structures for the PSCs for the years 2010 to 2012. The value of the contract is approximately RM1.5 billion.

29 December 2009
Announcement of unaudited 3rd Quarter Financial Results for financial year ended 31 January 2010.

22 January 2010
The grant of an award by Larsen & Toubro Limited for the provision of works and services for the transportation and installation of 4 platform jackets in the Mumbai High North Field, offshore Mumbai. The value of the contract is approximately USD75 million.

24 March 2010
Announcement of unaudited 4th Quarter Financial Results for financial year ended 31 January 2010.

24 March 2010
Announcement of a recommendation of a single-tier final dividend of 4 sen per ordinary share for the financial year ended 31 January 2010. The recommendation is subject to the approval of shareholders at SapuraCrest's 31st Annual General Meeting to be held on 6 July 2010.

27 May 2010
Announcement of the Company's Audited Financial Statements for the financial year ended 31 January 2010.

1 June 2010
Announcement of the joint venture with Al Rayan Investment LLC to identify, pursue and undertake opportunities in the oil and gas industry in the State of Qatar.

CORPORATE SOCIAL RESPONSIBILITY

At Sapura, we take pride in ourselves as a caring corporate citizen.

PAYING OUR DUES

As Sapura Group grows and prospers, we have always ensured that our success is also extended to our corporate social responsibility (CSR) efforts. This has always been the conviction of the Chairman and founder of the Sapura Group of Companies, YBhg. Tan Sri Shamsuddin Abdul Kadir who established the Shamsudin Abdul Kadir Foundation to champion the cause of charity at home and overseas. Our charitable programmes cover a broad spectrum, from helping the marginalised, orphans and those living at the fringes of society, to providing educational assistance and supporting national and regional events.

Subscribing to the adage that charity begins at home, we have drawn up a number of CSR programmes for the workplace. At Sapura, we like to think ourselves as an extended Big Family, and like all families, we look out for one another through good and bad times. Funds are set aside and made available to staff so that they can perform the Umrah. When the going gets tough and an employee is incapacitated or suffering from a terminal illness, we are there to help out with financial support over and above the medical scheme we have in place for employees. We do not forget our employees easily and when they have passed away whilst in service, their children are 'adopted' by the Group and receive a monthly stipend until they have completed their secondary school education. The Group also looks upon its multi-ethnic composition as a reason to celebrate the many festivities throughout the year, particularly in the month of Ramadhan and the Hari Raya Open Houses that follow.

The sense of family has been reinforced with the launch of the Sapura Community in June 2009, which functions like a social club promoting the well-being of our family through various activities. During the year, the Sapura Inter-Group Bowling Tournament was among the sporting events organised to build esprit des corps and camaraderie among our growing family. Through the Sapura Community, our people show their caring side by organising and supporting a number of community services. Visits to orphanages and homes of the less fortunate provide comfort and words of wisdom while blood donation campaigns inculcate a culture of giving back to those in need. Our people drawn from all levels of the organisation have also participated actively in voluntary and 'gotong royong' projects, and it is in ways like these that we reach out and earn a place in the community as a corporation with a heart.

As a citizen of the world, we are aware that Planet Earth is facing a myriad of environment challenges and we are determined to play our part in preserving the quality of the environment. Earth Day 2009 was commemorated with exhibitions and talks by experts to raise awareness of environmental issues and activities. Some of our subsidiaries have gone the extra mile to promote a culture of waste minimisation and resource optimisation. Lighting and air-conditioning systems have been optimised through an automated, intelligent time-tabling and scheduling system, that in turn reduces emissions to the environment. We also launched a Community Engagement Programme that involved staff and students from our Higher Education Division engaging with various rural communities in Malaysia. Other highlights of the year included a trip to Zoo Negara and the Petrosains Centre, besides organising educational seminars and workshops for students sitting for the various examinations.

In Malaysia, the Group has contributed towards the construction of suraus and mosques as a way of bringing communities closer together. Our support is also extended to single mothers, orphans, Cancer Research Fund, Disaster Relief Fund as well as directly to victims of natural disasters such as the landslide in Putrajaya and floods in Pahang and Johor. Education is an area that is close to our heart and we have donated to various bodies such as Education Trust Funds, Save the Kids Education Fund, Poor Students Trust Fund and the Ipoh Tutorial Centre, among others. Annual scholarships are provided by the Group to needy and deserving students, helping them realise their academic and career ambitions. These scholarships are provided in conjunction with leading Malaysian dailies and scholarship bodies. Scholarships to the tune of hundreds of thousands of Ringgit are disbursed annually under the MAPCU Scholarship Fund, Sin Chew Daily Education Fund and HOPE (Higher Opportunities for Private Education) Scholarships.

Our CSR outreach programmes continue to expand in tandem with the geographical reach of the Group's operations. In Indonesia, where the Group has a significance presence, we have built an orphanage under the auspices of the Shamsuddin Abdul Kadir Foundation to house the 80 victims of the tsunami disaster in 2004. The Group is now into the fourth year of providing funding for the Rumah Anak Yatim Sapura, which currently houses some 102 children. During the year, the funding allocated was used for refurbishment and upgrading works, making the hostel a more hospitable place for the children to call home.

The top echelons of management are directly involved in the Group's CSR efforts, setting the vision and direction for the programme administrators to follow. Through their initiatives, the Group has sponsored tuition classes for orphans as well as set up a library, Resource Centre and a Computer Centre at the orphanages.

A great deal of effort and resources are channeled into our CSR programmes. Each year, they are carefully reviewed to determine where improvements can be made. By giving back to society, we hope to make the difference in the many lives we touch.

resilient

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


ABC POWDER

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 ("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 2010.

THE BOARD OF DIRECTORS

The Company is led and controlled by a competent and effective Board. As stipulated by its Board Charter, the responsibilities of the Board include the following:

- 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 enhancing 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 of 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 main responsibility is to provide overall leadership to the Board while 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 28 to 32 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, representing 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 2010 are as follows:

- 14th Annual Asia Oil & Gas Conference
- 5th World Islamic Economic Forum
- Modern Internal Auditing for Directors, Audit Committee, Senior Management and Auditors
- Financial Institutions Directors' Education Programme
- The Grass is NOT always Greener: The Risks and Pitfalls of Overseas Expansion
- Operating Risk - A New Way of Thinking
- Managing Strategy in a Downturn
- Investor Relations in Difficult Times

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, Tan Sri Datuk Amar (Dr.) Hamid Bugo, Ms Gee Siew Yoong and Encik Mohamed Rashdi Mohamed Ghazalli shall retire at the 31st 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.There were no Directors appointed during the financial year under review.

BOARD MEETINGS

Board meetings were held by the Company on a regular basis. During the financial year ended 31 January 2010, a total of eight (8) 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 2010, 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 2010 are as follows:

Name of Directors	Meetings attended	Maximum possible meetings to attend	%
Dato' Hamzah Bakar	8	8	100
Datuk Shahril Shamsuddin	8	8	100
Tan Sri Datuk Amar (Dr.) Hamid Bugo	8	8	100
Tan Sri Ibrahim Menudin	5	8	62.5
Dato' Fauziah Dato' Ismail	8	8	100
Gee Siew Yoong	8	8	100
Mohamed Rashdi Mohamed Ghazalli	7	8	87.5
Shahriman Shamsuddin	6	8	75

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 2010 are as follows:

Non-Executive Directors	RM'000
Fees	883
Other Emoluments	145*
Benefits-in-Kind	9
Executive Director	**RM'000**
Salaries and other Emoluments	1,375
Bonus	1,020
Benefits-in-Kind	85

Range of Directors' Remuneration Band

Non-Executive Directors	Number of Directors
RM50,001 – RM100,000	2
RM100,001 – RM150,000	1
RM150,001 – RM200,000	3
RM200,001 – RM250,000	1
Executive Director	
RM2,450,000-RM2,500,000	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 49 to 53 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 Statement on Internal Control 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. At the same time, 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 15.09(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 2010 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 eleven (11) meetings held during the financial year ended 31 January 2010 and the details of attendance are as follows:

Name of Audit Committee Members	Meetings Attended	Maximum possible meetings to attend	%
Gee Siew Yoong (Chairman)	11	11	100
Tan Sri Datuk Amar (Dr.) Hamid Bugo	11	11	100
Dato' Fauziah Dato' Ismail	11	11	100

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2010

- 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 as prepared and reported by the internal auditors.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT DEPARTMENT FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2010

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 2010:

- 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 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 2010, twelve (12) 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 2010. The Scheme expired on 12 September 2009.

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 RM1.24 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 2010 or, if not then subsisting, entered into since the end of the previous financial year:

(1) Between 1991 to 2004, 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 T10 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 RM20.0 million for the financial year ended 31 January 2010.

IMPOSITION OF SANCTIONS AND/OR PENALTIES

During the financial year ended 31 January 2010, 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 2010 was RM197,000.

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 21 May 2010, RM239.3 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 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 2010.

Additional Compliance Information (cont'd)

OPTION, WARRANTS OR CONVERTIBLE SECURITIES

(i) Employee Share Option Scheme
The SapuraCrest Group Employee Share Option Scheme 2004 is governed by the by-laws approved by the shareholders at the Extraordinary General Meeting held on 19 February 2004. The Scheme expired on 12 September 2009.

The amount of options exercised during the financial year ended 31 January 2010 were as follows:

Amount of Options Exercised ('000)	Exercise Price
3,437	RM1.12
2,197	RM0.54
2,125	RM0.75

(ii) Warrants
A total of 75,128,983 Warrants were exercised during the financial year ended 31 January 2010.

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 2010.

RESULTS VARIATION

There were no material variations between the audited results for the financial year ended 31 January 2010 and the unaudited results previously announced.

PROFIT GUARANTEE

The Company did not grant any profit guarantee during the financial year ended 31 January 2010.

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 2010.

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 2010.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

Pursuant to Paragraph 15.26(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.

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.

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Financial Statements

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2010.

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 37 to the financial statements.

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

RESULTS

	Group	Company
	RM'000	RM'000
Profit for the year	335,254	95,085
Attributable to:		
Equity holders of the Company	172,035	95,085
Minority interests	163,219	—
	335,254	95,085

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 2009 were as follows:

	RM'000
In respect of the financial year ended 31 January 2009 as reported in the directors' report of that year:	
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
A single tier final dividend of 3.0 sen per ordinary share, on 1,270,882,848 ordinary shares, approved by shareholders on 30 June 2009 and paid on 14 August 2009.	38,126

DIVIDENDS (CONT'D)

	RM'000
In respect of the financial year ended 31 January 2010:	
A single tier interim dividend of 3.0 sen per ordinary share, on 1,276,722,448 ordinary shares, declared on 10 September 2009 and paid on 9 November 2009.	38,302

At the forthcoming Annual General Meeting, a single tier final dividend in respect of the financial year ended 31 January 2010 of 4.0 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 2011.

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

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 34 to the financial statements.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares 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 1.2.2009 '000	Acquired '000	Sold '000	As at 31.1.2010 '000
The Company				
Indirect interest:				
Datuk Shahril Shamsuddin	474,025	37,363	—	511,388
Shahriman Shamsuddin	474,025	37,363	—	511,388
Mohamed Rashdi Mohamed Ghazalli	50	—	(25)	25
Direct interest:				
Datuk Shahril Shamsuddin	62	3,962	—	4,024
Dato' Hamzah Bakar	1,000	300	—	1,300
Tan Sri Datuk Amar (Dr.) Hamid Bugo	131	—	—	131
Mohamed Rashdi Mohamed Ghazalli	50	—	—	50
Shahriman Shamsuddin	489	—	—	489

	Number of options over ordinary shares of RM0.20 each			
	As at 1.2.2009 '000	Granted '000	Exercised '000	As at 31.1.2010 '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 RM238,766,768 to RM255,344,489 by way of:
   (i) the issuance of 2,125,169 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 2,197,600 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 3,436,855 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; and
   (iv) the exercise of 75,128,983 Company's Warrants into 75,128,983 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 5 years.

The expiry and final exercise date of the ESOS was on 12 September 2009.

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 there were no known bad debts and that adequate provision had been made for doubtful debts; and
   (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:
   (i) it necessary to write off any 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.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

(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.

(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 EVENTS

Details of significant events are disclosed in Note 38 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 12 May 2010.

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 70 to 154 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 2010 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 12 May 2010.

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 70 to 154 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 12 May 2010

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 2010 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 70 to 154.

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 judgement, 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 2010 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory 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 financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 37 to the financial statements.

(c) We are satisfied that the financial statements 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 financial statements 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. 2477/10/11(J)
Chartered Accountant

Kuala Lumpur, Malaysia
12 May 2010

INCOME STATEMENTS

For the year ended 31 January 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Revenue	3	3,257,043	3,451,702	146,066	97,734
Cost of sales	4	(2,696,988)	(2,921,114)	—	—
Gross profit		560,055	530,588	146,066	97,734
Other income	5	23,420	13,256	15,459	11,836
Other operating expenses		(60,351)	(38,080)	—	—
Administration expenses		(160,718)	(121,324)	(56,608)	(40,220)
Operating profit		362,406	384,440	104,917	69,350
Finance costs	6	(45,186)	(57,784)	(522)	(529)
Share of profit from associates		342	623	—	—
Share of profit/(loss) from jointly controlled entities		46,437	(45,719)	—	—
Profit before tax	7	363,999	281,560	104,395	68,821
Income tax expense	10	(28,745)	(31,790)	(9,310)	(963)
Profit for the year		335,254	249,770	95,085	67,858
Attributable to:					
Equity holders of the Company		172,035	115,774	95,085	67,858
Minority interests		163,219	133,996	—	—
		335,254	249,770	95,085	67,858
Earnings per share attributable to equity holders of the Company (sen)					
Basic	11 (a)	13.59	9.83		
Diluted	11 (b)	13.59	9.13		

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

BALANCE SHEETS
As at 31 January 2010

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	900,456	903,559	1,977	2,452
Intangible assets	14	149,314	149,515	—	—
Investments in subsidiaries	15	—	—	234,243	234,243
Investments in associates	16	6,519	10,438	—	800
Investments in jointly controlled entities	17	185,588	95,070	—	—
Deferred tax assets	18	14,675	11,001	1,818	—
		1,256,552	1,169,583	238,038	237,495
Current assets					
Inventories	19	54,276	50,023	—	—
Amount due from subsidiaries	20	—	—	677,879	613,029
Trade and other receivables	21	1,141,766	1,703,877	1,613	4,604
Tax recoverable		21,416	14,361	1,137	6,586
Cash and bank balances	23	875,251	593,538	653	2,048
		2,092,709	2,361,799	681,282	626,267
Total assets		3,349,261	3,531,382	919,320	863,762
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	24	255,344	238,767	255,344	238,767
Share premium	24	505,337	461,632	505,337	461,632
Other reserves	26	45,560	60,658	—	347
Retained profits/(accumulated losses)		256,976	161,333	(114,356)	(133,049)
		1,063,217	922,390	646,325	567,697
Minority interests		397,103	401,197	—	—
Total equity		1,460,320	1,323,587	646,325	567,697

BALANCE SHEETS (CONT'D)

As at 31 January 2010

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Equity and liabilities (cont'd)					
Non-current liabilities					
Amount due to a subsidiary	27	—	—	186,171	209,010
Borrowings	28	405,311	454,307	4	149
Deferred tax liabilities	18	10,509	8,583	—	568
		415,820	462,890	186,175	209,727
Current liabilities					
Amount due to subsidiaries	27	—	—	42,174	23,772
Borrowings	28	297,597	477,725	7,145	9,727
Trade and other payables	31	1,170,240	1,228,925	37,327	29,069
Tax payable		5,284	14,485	174	—
Dividends payable		—	23,770	—	23,770
		1,473,121	1,744,905	86,820	86,338
Total liabilities		1,888,941	2,207,795	272,995	296,065
Total equity and liabilities		3,349,261	3,531,382	919,320	863,762

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 January 2010

	← 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	33,461	66,576
Net expense recognised directly in equity	—	—	33,115	—	33,115	33,461	66,576
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	167,457	316,346
Dividends (Note 12)	—	—	—	(41,265)	(41,265)	—	(41,265)
Dividend to minority interest of a subsidiary	—	—	—	—	—	(34,300)	(34,300)
Additional investment in a subsidiary (Note 37)	—	—	—	—	—	(4,125)	(4,125)
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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

For the year ended 31 January 2010

	← 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 2009	238,767	461,632	60,658	161,333	922,390	401,197	1,323,587
Foreign currency translation	—	—	(20,062)	—	(20,062)	(21,076)	(41,138)
Effect arising from the acquisition of the remaining shares in an associate	—	—	5,311	—	5,311	—	5,311
Net income and expense recognised directly in equity	—	—	(14,751)	—	(14,751)	(21,076)	(35,827)
Profit for the year	—	—	—	172,035	172,035	163,219	335,254
Total recognised income and expense for the year	—	—	(14,751)	172,035	157,284	142,143	299,427
Dividends (Note 12)	—	—	—	(76,428)	(76,428)	—	(76,428)
Dividend to minority interest of a subsidiary	—	—	—	—	—	(122,500)	(122,500)
Increase in share capital of a subsidiary	—	—	—	—	—	73	73
Additional investment in a subsidiary (Note 37)	—	—	—	—	—	(23,810)	(23,810)
Issue of ordinary shares: (Note 24)							
Pursuant to ESOS	1,551	5,078	—	—	6,629	—	6,629
Pursuant to Warrants	15,026	38,316	—	—	53,342	—	53,342
Share options lapsed during the year	—	—	(36)	36	—	—	—
Share options granted under ESOS exercised during the year (Note 26)	—	311	(311)	—	—	—	—
At 31 January 2010	255,344	505,337	45,560	256,976	1,063,217	397,103	1,460,320

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

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 January 2010

	Non-Distributable				
	Share capital RM'000	Share premium RM'000	Other reserve RM'000	Accumulated losses RM'000	Total equity RM'000
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
At 1 February 2009	238,767	461,632	347	(133,049)	567,697
Profit for the year, representing total recognised income and expense for the year	—	—	—	95,085	95,085
Dividends (Note 12)	—	—	—	(76,428)	(76,428)
Issue of ordinary shares: (Note 24)					
Pursuant to ESOS	1,551	5,078	—	—	6,629
Pursuant to Warrants	15,026	38,316	—	—	53,342
Share options lapsed during the year	—	—	(36)	36	—
Share options granted under ESOS exercised during the year (Note 26)	—	311	(311)	—	—
At 31 January 2010	255,344	505,337	—	(114,356)	646,325

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 January 2010

	2010 RM'000	2009 RM'000
Cash flows from operating activities		
Profit before tax	363,999	281,560
Adjustments for:		
Amortisation of intangible assets	201	229
Short term accumulating compensated absences	624	1,260
(Reversal)/provision for doubtful debts	(5,612)	8,784
Reserves arising from:		
– acquisition of a subsidiary (Note 37)	(5,982)	—
– additional investment in a subsidiary (Note 37)	(5,810)	—
Depreciation of property, plant and equipment	91,455	84,288
Property, plant and equipment written off	22	255
Gain on disposal of property, plant and equipment	(17)	(3,823)
Share of results of jointly controlled entities	(46,437)	45,719
Share of results of associates	(342)	(623)
Net unrealised foreign exchange loss	8,259	12,435
Interest expense	45,186	57,784
Interest income	(2,226)	(6,345)
Operating profit before working capital changes	443,320	481,523
(Increase)/decrease in inventories	(4,253)	7,350
Decrease/(increase) in trade and other receivables	570,572	(272,776)
Increase in balances with jointly controlled entities	(33,406)	(59,823)
(Increase)/decrease in trade and other payables	(78,895)	382,933
Cash generated from operating activities	897,338	539,207
Interest paid	(44,575)	(63,433)
Taxes paid	(47,613)	(33,469)
Net cash generated from operating activities	805,150	442,305
Cash flows from investing activities		
Additional investment in an existing subsidiary (Note 37)	(18,000)	(7,875)
Investment in a jointly controlled entity (Note 17)	(14,342)	—
Acquisition of a subsidiary (Note 37)	2,844	—
Advances to a jointly controlled entity	—	(997)
Proceeds from disposal of property, plant and equipment	49	9,511
Purchase of property, plant and equipment	(79,222)	(57,331)
Dividends received	—	1,581
Interest received	2,226	6,303
Dividends paid to minority interest of a subsidiary	(122,500)	(34,300)
Net cash used in investing activities	(228,945)	(83,108)

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

	2010 RM'000	2009 RM'000
Cash flows from financing activities		
Proceeds from issuance of new shares pursuant to ESOS	6,629	1,955
Proceeds from conversion of warrants	53,342	16,338
Repayment of hire purchase and lease creditors	(2,114)	(2,528)
Repayment of term loans	(111,005)	(129,116)
Proceeds from issuance of MCPs, net of bond discount	4,919	—
Redemption of MCPs	(5,000)	—
Repayment of BaIDS	—	(45,000)
Dividends paid	(100,198)	(17,495)
Net changes in other short term borrowings	(123,009)	48,311
Net cash used in financing activities	(276,436)	(127,535)
Net increase in cash and cash equivalents	299,769	231,662
Effects of exchange rate changes	(14,902)	4,513
Cash and cash equivalents at beginning of year	590,384	354,209
Cash and cash equivalents at end of year (Note 23)	875,251	590,384

COMPANY CASH FLOW STATEMENT
For the year ended 31 January 2010

	2010 RM'000	2009 RM'000
Cash flows from operating activities		
Profit before tax	104,395	68,821
Adjustments for:		
Depreciation of property, plant and equipment	1,250	1,250
Short term accumulating compensated absences	36	19
Gain on disposal of property, plant and equipment	—	(51)
Gain on disposal of investment in an associate company	(4,648)	—
Interest expense	522	529
Dividends income	(95,624)	(66,070)
Interest income	(10,801)	(11,753)
Net unrealised foreign exchange (gain)/loss	(219)	511
Operating loss before working capital changes	(5,089)	(6,744)
Net changes in balances with related companies	(58,569)	(42,587)
Decrease/(increase) in other receivables	2,991	(5,764)
Increase in other payables	8,211	7,699
Cash used in operating activities	(52,456)	(47,396)
Interest paid	(383)	(124)
Taxes paid	(1,823)	(1,582)
Net cash used in operating activities	(54,662)	(49,102)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	—	51
Purchase of property, plant and equipment	(775)	(591)
Interest received	175	46
Dividends received from subsidiaries	96,821	44,256
Dividend received from an associated company	—	1,581
Net cash generated from investing activities	96,221	45,343
Cash flows from financing activities		
Proceeds from issuance of new shares pursuant to warrants	53,342	16,338
Proceeds from issuance of new shares pursuant to ESOS	6,629	1,955
Repayment of hire purchase creditors	(165)	(165)
Dividends paid	(100,198)	(17,495)
Net cash (used in)/generated from financing activities	(40,392)	633
Net increase/(decrease) in cash and cash equivalents	1,167	(3,126)
Cash and cash equivalents at beginning of year	(514)	2,612
Cash and cash equivalents at end of year (Note 23)	653	(514)

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

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market 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., a substantial shareholder of the Company.

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 37.

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 12 May 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements comply with Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have also been prepared on a historical cost basis, other than as disclosed in the accounting policies below.

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

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.

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)

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.

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.

(b) Associates

An associate is an entity, that is neither a subsidiary nor a jointly controlled entity, in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(b) Associates (cont'd)

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 audited financial statements 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 in the income statement.

(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.

The investment in jointly controlled entities are stated at cost less impairment losses. Shareholders' advances to a jointly controlled entity for which settlement is neither planned nor likely to occur in the foreseeable future is treated as part of the investment in that entity.

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 audited financial statements 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 the 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

Other 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, at the following rates:

Intellectual property rights	20%
Patent	10%

Intangible assets will be 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.

Due to and as permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment, the Group 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).

Any revaluation surplus is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in income statement, in which case the increase is recognised in income statement to the extent of the decrease previously recognised. A revaluation deficit is first offset against any brought forward revaluation surplus in respect of the same asset and the balance is thereafter recognised in income statement. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained profits.

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, if any, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(e) Property, plant and equipment and depreciation (cont'd)

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 and related dry docking, remote operated vehicles ("ROVs") and Saturation Diving System ("SAT System")	4% - 20%
Tender assisted drilling rigs and related dry docking, and plant and machinery	3 1/3% - 50%
Other equipments, tools and implements	20% - 33 1/3%
Furniture, equipments and vehicles	14% - 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 profits.

(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.

(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, intangible 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(g) Impairment of non-financial assets (cont'd)

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 income statement, 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(i) **Leases (cont'd)**

(ii) **Finance leases - the Group as lessee (cont'd)**
The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2.2(e).

(iii) **Operating leases - the Group as lessee**
Operating leases payment are recognised as an expense over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental over the lease term on a straight-line basis.

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(l) Employee benefits (cont'd)

(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 equity-settled, 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 profits.

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

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(m) Revenue recognition (cont'd)

(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.

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 operations. 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 income statement. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations are recognised in income statement in the Company's separate financial statements or the individual financial statements of the foreign operations, 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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(n) Foreign Currencies (cont'd)

(iii) Foreign operations (cont'd)

- 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.

(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 income statement.

(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) Equity Instruments

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(o) Financial instrumentt (cont'd)

(vi) Equity Instruments (cont'd)

The transactions 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.

(vii) Derivative financial instruments

Derivative financial instruments are not recognised in the financial statements.

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 Standards and Interpretation 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:

Effective for financial periods beginning on or after 1 July 2009:

FRS 8	Operating Segments

Effective for financial periods beginning on or after 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (revised)
RS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 132	Financial Instruments: Presentation

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Amendments to FRS 139 FRS 7 and IC Interpretation 9	Financial Instruments: Recognition and Measurement, Disclosures and Reassessment of Embedded Derivatives
Amendments to FRSs	Improvements to FRSs (2009)
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TR 1 – 3	Presentation of Financial Statements of Islamic Financial Institutions

Effective for financial periods beginning on or after 1 July 2010:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (revised)
FRS 127	Consolidated and Separate Financial Statements (amended)
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application.

<u>FRS 3: Business Combinations (revised) and FRS 127: Consolidated and Separate Financial Statements (amended)</u>
FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

FRS 8: Operating Segment

FRS 8 replaces FRS 114_{2004}: Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

FRS 123: Borrowing Costs

This Standard supersedes FRS 123_{2004}: Borrowing Costs that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction of production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense. The Company's current accounting policy is to expense the borrowing costs in the period which they are incurred. In accordance with the transitional provisions of the Standard, the Group will apply the change in accounting policy prospectively for which the commencement date for capitalisation of borrowing cost on qualifying assets is on or after the financial period 1 January 2010.

FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement and FRS 7: Financial Instruments: Disclosures

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Company's exposure to risks, enhanced disclosure regarding components of the Group's and Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

2.4 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant accounting estimates and judgements (cont'd)

(a) Critical judgement made in applying accounting policies (cont'd)

Treatment of contract variation
Included in the financial statements are values of change orders that have not yet been approved which are at various stages of process with the 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:

(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 2010 were RM149,012,000 (2009: RM149,012,000). 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.

3. REVENUE

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Installation of pipelines and facilities	1,714,289	1,892,510	—	—
Offshore drilling services	844,286	905,561	—	—
Marine services	645,897	615,922	—	—
Operations and maintenance	52,571	37,709	—	—
Dividend income	—	—	95,624	66,070
Management fees from subsidiaries	—	—	50,442	31,664
	3,257,043	3,451,702	146,066	97,734

4. COST OF SALES

Cost of sales comprise of costs related to construction contracts, services rendered and inventories sold.

5. OTHER INCOME

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest income	2,226	6,345	10,801	11,753
Reserves arising from:				
- acquisition of a subsidiary (Note 37)	5,982	—	—	—
- additional investment in a subsidiary (Note 37)	5,810	—	—	—
Miscellaneous income	9,402	6,911	4,658	83
	23,420	13,256	15,459	11,836

6. FINANCE COSTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest expense on:				
Istisna' Bonds and MCPs/MMTNs	25,131	23,639	—	—
Al-Bai Bithaman Ajil Islamic Debt Securities	—	3,766	—	—
Term loans	4,364	13,475	—	—
Hire purchase and finance lease liabilities	697	794	31	31
Revolving credits	13,101	15,867	332	403
Other borrowings	1,893	243	31	95
Advances from a subsidiary	—	—	128	—
	45,186	57,784	522	529

7. PROFIT BEFORE TAX

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
This is arrived at after charging/ (crediting):				
Employee benefits expense (Note 8)	383,890	366,937	21,950	16,938
Non-executive directors' remuneration (Note 9)	1,028	825	948	746
Auditors' remuneration:				
- Statutory audits:				
- Group auditors	720	720	98	98
- Other auditors	299	291	—	—
- Other services:				
- Group auditors	120	135	120	135
- Other auditors	77	54	—	—
Charter of vessels, barges and rigs from:				
- third parties	378,584	412,047	—	—
Hire of equipment	63,452	100,261	111	84
Gain on disposal of investment in an associate	—	—	(4,648)	—
Depreciation of property, plant and equipment	89,047	83,178	1,250	1,250
Amortisation of intangible assets	201	229	—	—
Gain on disposal of property, plant and equipment	(17)	(3,823)	—	(51)
Property, plant and equipment written off	22	255	—	—
Rental of premises	5,492	4,063	2,431	1,635
Rental of motor vehicles	595	924	2	16

7. PROFIT BEFORE TAX (CONT'D)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Foreign exchange differences:				
- unrealised exchange loss/(gain)	8,259	12,435	(219)	511
- realised exchange loss/(gain)	19,367	(12,787)	1	(9)
(Reversal)/provision for doubtful debts	(5,612)	8,784	—	—
Bad debts recovered	—	(1,019)	—	—
Vehicle rental income receivable from a subsidiary	—	—	—	(11)
Management fees	20,000	10,000	20,000	10,000

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Wages and salaries	348,923	336,010	18,605	14,522
Social security contributions	1,229	1,295	41	44
Contributions to defined contribution plan	27,228	21,968	2,846	2,097
Short term accumulating compensated absences	624	1,260	36	19
Demobilisation benefits	2,361	3,165	—	—
Other benefits	3,525	3,239	422	256
	383,890	366,937	21,950	16,938

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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	2,395	1,729	2,395	1,729
Benefits-in-kind	85	88	85	88
	2,480	1,817	2,480	1,817
Non-Executive:				
Fees	883	691	804	612
Other emoluments	145	134	144	134
Total remuneration	1,028	825	948	746
Benefits-in-kind	9	9	9	9
	1,037	834	957	755
	3,517	2,651	3,437	2,572
Directors of Subsidiaries				
Executive:				
Salaries and other emoluments	5,068	4,599	—	—
Benefits-in-kind	287	413	—	—
	5,355	5,012	—	—
	8,872	7,663	3,437	2,572

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

9. DIRECTORS' REMUNERATION (CONT'D)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration, excluding benefits-in-kind (Note 34(b))	7,463	6,328	2,395	1,729
Total non-executive directors' remuneration, excluding benefits-in-kind (Note 7)	1,028	825	948	746
Total directors' remuneration excluding benefits-in-kind	8,491	7,153	3,343	2,475

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

	2010 '000	2009 '000
At 1 February	3,962	3,962
Exercised during the year	(3,962)	—
At 31 January	—	3,962

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	
	2010	2009
Executive director:		
RM1,500,001 - RM2,000,000	—	1
RM2,000,001 - RM2,500,000	1	—
Non-executive directors:		
Below RM50,000	—	1
RM50,001 - RM100,000	2	2
RM100,001 - RM150,000	1	3
RM150,001 - RM200,000	3	1
RM200,001 - RM250,000	1	—
	8	8

10. INCOME TAX EXPENSE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Income tax:				
Malaysian income tax	32,253	35,948	12,387	10,948
Foreign tax	10,456	10,796	—	—
	42,709	46,744	12,387	10,948
Overprovided in prior years:				
Malaysian income tax	(5,994)	(4,313)	(691)	(10,553)*
Foreign tax	(4,415)	(1,568)	—	—
	(10,409)	(5,881)	(691)	(10,553)
	32,300	40,863	11,696	395
Deferred tax: (Note 18)				
Relating to origination of temporary differences	(6,405)	(12,773)	(6,091)	(3,652)
(Over)/under provided in prior years	2,850	3,959	3,705	4,389 *
Relating to changes in tax rate	—	(259)	—	(169)
	(3,555)	(9,073)	(2,386)	568
Total income tax expense	28,745	31,790	9,310	963

* Includes tax provision relating to dividend receivables from subsidiaries in the previous year amounting to RM8.4 million.

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

10. INCOME TAX EXPENSE (CONT'D)

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:

	2010 RM'000	2009 RM'000
Group		
Profit before tax	363,999	281,560
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	91,000	70,390
Effect of different tax rates in other countries	2,029	(2,938)
Effect of different tax rates in other jurisdiction - Labuan	(84,019)	(61,587)
Effect of changes in tax rates	—	(259)
Losses from foreign sources not deductible against Malaysian income tax	23,042	18,973
Effect of income not subject to tax	(5,853)	(5,756)
Effect of expenses not deductible for tax purposes	8,894	11,967
Effects of share of results of associates and jointly controlled entities	(11,695)	11,274
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(2,055)	(14,871)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	14,961	6,519
Underprovision of deferred tax of Company and subsidiaries in prior years	2,850	3,959
Overprovision of tax expense in prior years	(10,409)	(5,881)
Income tax expense for the year	28,745	31,790
Company		
Profit before tax	104,395	68,821
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	26,099	17,205
Effect of income not subject to tax	(20,818)	(11,347)
Effect of expenses not deductible for tax purposes	1,015	1,269
Underprovision of deferred tax in prior years	3,705	4,389
Overprovision of income tax expense in prior years	(691)	(10,553)
Income tax expense for the year	9,310	963

Tax savings during the financial year arising from:

	Group	
	2010 RM'000	2009 RM'000
Utilisation of previously unrecognised tax losses	2,055	14,871

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.

	2010	2009
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	172,035	115,774
Weighted average number of ordinary shares in issue ('000)	1,265,730	1,177,721
Basic earnings per share (sen)	13.59	9.83

(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.

	2010	2009
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	172,035	115,774
Weighted average number of ordinary shares in issue ('000)	1,265,730	1,177,721
Effect of dilution:		
Share options	—	2,216
Warrants	—	88,631
Adjusted weighted average number of ordinary shares in issue and issuable	1,265,730	1,268,568
Diluted earnings per share (sen)	13.59	9.13

The effect on the diluted earnings per share in the previous year was due to the assumed conversion of warrants and share options.

There is no dilution on current year earnings per share as all ESOS and Warrants have expired during the year.

12. DIVIDENDS

	Dividends in Respect of Year			Dividends Recognised in Year	
	2010 RM'000	2009 RM'000	2008 RM'000	2010 RM'000	2009 RM'000
Recognised during the year:					
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 (2.00 sen per share)	—	23,770	—	—	23,770
3.0 sen (single tier) per ordinary share, on 1,276,722,448 ordinary shares declared on 10 September 2009 and paid on 9 November 2009 (3.00 sen per share)	38,302	—	—	38,302	—
Final					
3.0 sen (single tier) per ordinary share, on 1,270,882,848 ordinary shares approved by shareholders on 30 June 2009 and paid on 14 August 2009 (3.00 sen per share)	—	38,126	—	38,126	—
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 (1.48 sen per share)	—	—	17,495	—	17,495
	38,302	61,896	17,495	76,428	41,265

At the forthcoming Annual General Meeting, a single tier final dividend in respect of the financial year ended 31 January 2010 of 4.0 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 2011.

13. PROPERTY, PLANT AND EQUIPMENT

	Vessels and related dry docking, ROVs, and SAT system	Tender assisted drilling rigs and related dry docking, and plant and machinery	Other equipments, tools and implements	Furniture, equipment and vehicles	Vessel and SAT system under construction	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
At 31 January 2010						
Cost/Valuation						
At 1 February 2009	349,181	1,034,497	10,736	43,682	9,711	1,447,807
Additions	14,697	16,553	1	7,539	40,815	79,605
Disposals	—	(2,843)	—	(211)	—	(3,054)
Write-off	—	(274)	—	(11)	—	(285)
Adjustment	—	(71)	—	—	—	(71)
Arising from acquisition of a subsidiary (Note 37)	38,997	34	—	490	—	39,521
Exchange differences	11,744	(50,925)	—	4,142	—	(35,039)
At 31 January 2010	414,619	996,971	10,737	55,631	50,526	1,528,484
Representing:						
At cost	406,621	996,971	10,737	55,631	50,526	1,520,486
At valuation	7,998	—	—	—	—	7,998
	414,619	996,971	10,737	55,631	50,526	1,528,484
Accumulated Depreciation						
At 1 February 2009	135,152	375,622	8,666	24,808	—	544,248
Depreciation charge for the year	26,644	58,561	519	5,731	—	91,455
Disposals	—	(2,843)	—	(179)	—	(3,022)
Write-off	—	(257)	—	(6)	—	(263)
Adjustment	—	(48)	—	—	—	(48)
Arising from acquisition of a subsidiary (Note 37)	7,398	7	—	251	—	7,656
Exchange differences	4,155	(17,312)	—	1,159	—	(11,998)
At 31 January 2010	173,349	413,730	9,185	31,764	—	628,028
Net carrying amount						
At cost	238,452	583,241	1,552	23,867	50,526	897,638
At valuation	2,818	—	—	—	—	2,818
At 31 January 2010	241,270	583,241	1,552	23,867	50,526	900,456

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

	Vessels and related dry docking, ROVs, and SAT system	Tender assisted drilling rigs and related dry docking, and plant and machinery	Other equipments, tools and implements	Furniture, equipment and vehicles	Vessel under construction	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
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	341,183	1,034,497	10,736	43,682	9,711	1,439,809
At valuation	7,998	—	—	—	—	7,998
	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	211,211	658,875	2,070	18,874	9,711	900,741
At valuation	2,818	—	—	—	—	2,818
At 31 January 2009	214,029	658,875	2,070	18,874	9,711	903,559

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

	Furniture equipment and vehicles
	RM'000
Company	
At 31 January 2010	
Cost	
At 1 February 2009	8,029
Additions	775
At 31 January 2010	8,804
Accumulated Depreciation	
At 1 February 2009	5,577
Depreciation charge for the year	1,250
At 31 January 2010	6,827
Net carrying amount	
At 31 January 2010	1,977
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

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 of RM2.818million 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 (2009: RM Nil).

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Motor vehicles	999	870	313	361
Plant and machinery	939	2,725	—	—
	1,938	3,595	313	361

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 29.

(c) The Group and the Company acquired property, plant and equipment by the following means:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash	79,222	57,331	775	591
Hire purchase and finance lease arrangements	383	305	—	—
	79,605	57,636	775	591

(d) The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Notes 28 and 30) are as follows:

	Group	
	2010 RM'000	2009 RM'000
Tender assisted drilling rigs and plant and machinery	565,402	644,858
Vessels, ROVs and SAT system	142,847	94,865
	708,249	739,723

14. INTANGIBLE ASSETS

	Goodwill	Intellectual Property Right	Patent	Total
	RM'000	RM'000	RM'000	RM'000
Group				
Cost				
At 1 February 2008	145,262	1,006	60	146,328
Additional investment in a subsidiary (Note 37)	3,750	—	—	3,750
At 31 January 2009 and 31 January 2010	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 and 1 February 2010	—	503	60	563
Charge for the year	—	201	—	201
At 31 January 2010	—	704	60	764
Net carrying amount				
At 31 January 2009	149,012	503	—	149,515
At 31 January 2010	149,012	302	—	149,314

14. INTANGIBLE ASSETS (CONT'D)

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	Australia	Total
	RM'000	RM'000	RM'000
At 31 January 2010			
Marine Services and Operation and Maintenance	129,597	—	129,597
Marine Services	—	19,415	19,415
			149,012
At 31 January 2009			
Marine Services and Operation and Maintenance	129,597	—	129,597
Marine Services	—	19,415	19,415
			149,012

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.

Cash flow beyond the five year period is extrapolated using the growth rates stated below. The key assumptions used for value-in-use calculation are:

	Gross Margin		Growth rate		Discount rate	
	2010	2009	2010	2009	2010	2009
Marine Services:						
Australia	35%	32%	2%	2%	20%	20%
Marine Services,						
Operation and maintenance:						
Malaysia	18%	22%	2%	2%	15%	15%

14. INTANGIBLE ASSETS (CONT'D)

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.

(iii) Growth rate
The basis used is based on past historical trend and management experience on the business.

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	
	2010 RM'000	2009 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 37.

16. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unquoted shares, at cost	521	1,321	—	800
Share of post-acquisition reserves	5,998	9,117	—	—
	6,519	10,438	—	800

16. INVESTMENTS IN ASSOCIATES (CONT'D)

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

	2010 RM'000	2009 RM'000
Share of net assets	1,878	5,797
Share of goodwill in associates	4,641	4,641
	6,519	10,438

(i) Details of the associates are as follows:

Name of Company	Country of Incorporation	Principal Activities	Proportion of ownership interest 2010 %	Proportion of ownership interest 2009 %
* TL Oilserve Sdn. Bhd. (formerly known as Scomi Oilserve Sdn. Bhd.)	Malaysia	Provision of marine vessel transportation services	—	40
* Oilserve (L) Berhad	Federal Territory of Labuan, Malaysia	Leasing of vessels/ barges	—	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

(ii) As disclosed in Note 37(d)(ii), TL Oilserve Sdn. Bhd. became a wholly owned subsidiary of TL Geotechnics Sdn. Bhd. during the year.

(iii) The financial statements of the above associates are coterminous with those of the Group, except for Geowell Sdn. Bhd. and Subang Properties Sdn. Bhd. which have financial year end of 31 December. For the purpose of applying the equity method of accounting, the financial statements for the year ended 31 December 2009 have been used and appropriate adjustments have been made for the effects of significant transactions between 31 December 2009 and 31 January 2010.

16. INVESTMENTS IN ASSOCIATES (CONT'D)

(iv) The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2010 RM'000	2009 RM'000
Assets and liabilities		
Current assets	16,426	28,768
Non-current assets	29,875	33,339
Total assets	46,301	62,107
Current liabilities	(7,750)	(18,951)
Non-current liabilities	(19,093)	(16,296)
Total liabilities	(26,843)	(35,247)
Results		
Revenue	33,079	66,846
Profit for the year	3,779	1,571

17. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Group	
	2010 RM'000	2009 RM'000
Unquoted shares, at cost	42,765	42,551
Goodwill arising from investment	14,128	—
Share of post-acquisition reserves	(26,184)	(68,954)
	30,709	(26,403)
Shareholders' advances to jointly controlled entities	154,879	121,473
	185,588	95,070

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:

	2010 RM'000	2009 RM'000
Assets and liabilities		
Current assets	259,235	190,458
Non-current assets	698,519	621,353
Total assets	957,754	811,811
Current liabilities	(230,019)	(244,424)
Non-current liabilities	(712,541)	(595,071)
Total liabilities	(942,560)	(839,495)
Results		
Revenue	303,526	245,629
Expenses, including finance costs and taxation	(257,089)	(291,348)

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 RM771 (2009: RM5,670) and RM47,169 (2009: RM46,398) respectively.

In financial year 2008, SapuraAcergy Assets Pte. Ltd. ("SAPL") obtained a banking facility 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.

The details on commitments relating to the Group's interest in the jointly controlled entities are disclosed in Note 32.

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	
			2010 %	2009 %
BTL Sdn. Bhd.	Malaysia	Dormant	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	Federal Territory of Labuan, Malaysia	Leasing of vessel and operational equipment	50	50
* Offshore International FZC	United Arab Emirates	Vessel owner	40	40
* Quippo Prakash Pte. Ltd.	Singapore	Vessel owner	26	—

* Audited by firms other than Ernst & Young

On 1 August 2008, the Company through 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 ownership of a new vessel by Quippo Prakash Pte. Ltd. ("QPPL") ("the JV Agreement").

The joint venture became effective on 21 May 2009 with Geomark and APPPL holding 26% and 74% respectively.

18. DEFERRED TAX

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 February	(2,418)	8,010	568	—
Recognised in the income statement (Note 10)	(3,555)	(9,073)	(2,386)	568
Acquisition of a subsidiary (Note 37)	30	—	—	—
Exchange differences	1,777	(1,355)	—	—
At 31 January	(4,166)	(2,418)	(1,818)	568
Presented after appropriate offsetting as follows:				
Deferred tax assets	(14,675)	(11,001)	(1,818)	—
Deferred tax liabilities	10,509	8,583	—	568
	(4,166)	(2,418)	(1,818)	568

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	Others	Total
	RM'000	RM'000	RM'000
At 1 February 2009	9,865	8,082	17,947
Recognised in the income statement (Note 10)	(1,770)	(5,376)	(7,146)
Acquisition of a subsidiary (Note 37)	—	30	30
Exchange differences	—	1,795	1,795
At 31 January 2010	8,095	4,531	12,626
At 1 February 2008	6,131	4,785	10,916
Recognised in the income statement (Note 10)	3,952	4,434	8,386
Exchange differences	(218)	(1,137)	(1,355)
At 31 January 2009	9,865	8,082	17,947

Deferred tax assets of the Group:

	Tax losses and unabsorbed capital allowances	Provisions for liabilities	Others	Total
	RM'000	RM'000	RM'000	RM'000
At 1 February 2009	(5,469)	(8,887)	(6,009)	(20,365)
Recognised in the income statement (Note 10)	3,870	(5,030)	4,751	3,591
Exchange differences	—	(18)	—	(18)
At 31 January 2010	(1,599)	(13,935)	(1,258)	(16,792)
At 1 February 2008	(1,891)	(19)	(996)	(2,906)
Recognised in the income statement (Note 10)	(3,578)	(8,868)	(5,013)	(17,459)
At 31 January 2009	(5,469)	(8,887)	(6,009)	(20,365)

18. DEFERRED TAX (CONT'D)

Deferred tax liabilities of the Company:

	Accelerated capital allowances	Receivables	Total
	RM'000	RM'000	RM'000
At 1 February 2009	274	5,375	5,649
Recognised in income statement (Note 10)	(17)	(5,375)	(5,392)
At 31 January 2010	257	—	257
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

Deferred tax assets of the Company:

	Unabsorbed tax losses	Provisions for liabilities	Total
	RM'000	RM'000	RM'000
At 1 February 2009	(3,814)	(1,267)	(5,081)
Recognised in income statement (Note 10)	3,391	(385)	3,006
At 31 January 2010	(423)	(1,652)	(2,075)
At 1 February 2008	—	(295)	(295)
Recognised in income statement (Note 10)	(3,814)	(972)	(4,786)
At 31 January 2009	(3,814)	(1,267)	(5,081)

18. DEFERRED TAX (CONT'D)

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unutilised tax losses	155,570	112,154	14,451	—
Unabsorbed capital allowances	49,375	28,245	—	—
	204,945	140,399	14,451	—

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 against any future profits of those entities and taxable profits of other entities in the Group.

19. INVENTORIES

	Group	
	2010 RM'000	2009 RM'000
At cost:		
Consumable spares	50,124	49,128
Work-in-progress	4,152	895
	54,276	50,023

The cost of inventories recognised as an expense during the financial year amounted to RM126.590million (2009: RM126.565million).

20. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2010 RM'000	2009 RM'000
Amount due from subsidiaries	849,157	784,307
Less: Provision for doubtful debts	(171,278)	(171,278)
	677,879	613,029

Amount due from subsidiaries are unsecured, interest free and repayable on demand except for RM96,225,773 (2009: RM165,558,924) which is subject to interest rates ranging from 7.50% to 8.43% (2009: 7.50% to 8.43%) per annum.

Further details on related party transactions are disclosed in Note 34.

Other information on financial risks are disclosed in Note 35.

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade receivables				
Third parties	501,437	716,601	—	—
Sapura Group of companies	6,848	8,739	84	12
	508,285	725,340	84	12
Less: Provision for doubtful debts				
Third parties	(17,618)	(23,408)	—	—
	490,667	701,932	84	12
Construction contracts:				
Due from customers on contract (Note 22)	493,823	738,769	—	—
Retention sums (Note 22)	—	25,846	—	—
	493,823	764,615	—	—
Trade receivables, net	984,490	1,466,547	84	12

21. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Other receivables				
Amount due from:				
Associates	—	2,680	—	2,680
Jointly controlled entities	90,407	79,662	—	—
	90,407	82,342	—	2,680
Deposits and prepayments	22,502	71,304	1,464	1,466
Sundry receivables	44,930	84,069	65	446
	67,432	155,373	1,529	1,912
Less: Provision for doubtful debts	(563)	(385)	—	—
	66,869	154,988	1,529	1,912
	1,141,766	1,703,877	1,613	4,604

Trade receivables are non-interest bearing. The Group's normal trade credit term ranges from 30 to 120 days (2009: 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.

Amounts due from associates and jointly controlled entities are unsecured, interest free and have no fixed term of repayment.

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 remote as the customers are of high creditworthiness and of international reputation.

Further details on related party transactions are disclosed in Note 34.

Other information on financial risks of receivables are disclosed in Note 35.

22. DUE FROM CUSTOMERS ON CONTRACTS

	Group	
	2010 RM'000	2009 RM'000
Construction contract costs incurred to date	4,031,126	4,040,851
Attributable profits	233,196	208,885
	4,264,322	4,249,736
Less: Progress billings	(3,770,499)	(3,510,967)
Due from customers on contracts (Note 21)	493,823	738,769
Retention sums on contracts, included within trade receivables (Note 21)	—	25,846

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

	Group	
	2010 RM'000	2009 RM'000
Hire of barges and vessels and operational equipment	633,333	730,139
Depreciation of property, plant and equipment	2,408	1,110
Interest expense	111	1,999
Rental expense for buildings	3,775	5,523

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash on hand and at banks	411,859	386,162	203	88
Deposits with licensed banks	463,392	207,376	450	1,960
Cash and bank balances	875,251	593,538	653	2,048
Less: Bank overdrafts (Note 28)	—	(3,154)	—	(2,562)
Cash and cash equivalents	875,251	590,384	653	(514)

Deposits with licensed banks of the Group amounting to RM14,054,635 (2009: RM9,731,016) are pledged as securities for credit facilities granted to certain subsidiaries.

23. CASH AND CASH EQUIVALENTS (CONT'D)

Cash and cash equivalents of the Group amounting to RM338,100,569 (2009: RM324,621,412) are only available to certain companies in the Group.

Mandatory balances kept in the Finance Service Reserve Account amounted to RM8,921,061 (2009: RM8,982,225).

Included in cash and bank balances of the Group is an amount of RM26,342,102 (2009: RM38,799,898) maintained pursuant to Istisna' Bonds and MCPs and may be used only specifically in relation to purchase of oil and gas assets.

Finance Service Reserve Account (sinking fund) is created based on the following:

(i) upon drawdown of the Istisna' Bonds and on each date falling 6 months thereafter, an amount equivalent to the face value of the Secondary MCPs and all Istisna' Bonds coupon payments falling due during the period are required to be deposited into this account;

(ii) 6 months prior to the maturity of the Primary MCPs, an amount equivalent to 1/6 of all payments due and payable under the Primary MCPs falling due during such period are required to be deposited into this account every month till maturity; and

(iii) 6 months prior to the maturity of the Istisna' Bonds, an amount equivalent to 1/6 of all payments due and payable under the Primary Istisna' Bonds falling due during such period are required to be deposited into this account every month till maturity.

Other information on financial risks of cash and cash equivalents are disclosed in Note 35.

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

	Group		Company	
	2010	2009	2010	2009
Interest rate (%)	1.76	2.84	1.78	3.11
Maturities (days)	1 - 28	1 - 20	1 - 2	1 - 5

24. SHARE CAPITAL AND SHARE PREMIUM

	Number of Ordinary Shares	← Amount →		
	Share Capital (Issued and Fully Paid)	Share Capital (Issued and Fully Paid)	Share Premium	Total
	'000	RM'000	RM'000	RM'000
Ordinary shares of RM0.20 each:				
At 1 February 2009	1,193,834	238,767	461,632	700,399
Ordinary shares issued during the year:				
Pursuant to ESOS				
- Cash received (Note 25)	7,759	1,551	5,078	6,629
- Option reserve (Note 26)	—	—	311	311
Pursuant to exercise of Warrants	75,129	15,026	38,316	53,342
At 31 January 2010	1,276,722	255,344	505,337	760,681
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	
	2010 '000	2009 '000	2010 RM'000	2009 RM'000
Authorised share capital				
Ordinary shares of RM0.20 each				
At 1 February/31 January	5,000,000	5,000,000	1,000,000	1,000,000

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.

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

31 January 2010

(a) Ordinary shares issued pursuant to ESOS

During the year, the Company issued:

(i) 2,125,169 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) 2,197,600 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) 3,436,855 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 RM5,077,950 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.

The expiry and final exercise date of the ESOS was on 12 September 2009.

(b) Ordinary shares issued pursuant to Warrants

During the year, the Company issued 75,128,983 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 therefrom of RM38,315,863 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.

The expiry and final exercise date of the Warrants was on 18 February 2009.

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.

25. EMPLOYEE BENEFITS (CONT'D)

Employee Share Options Scheme ("ESOS") (cont'd)

(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.

The movement in the share options during the year:

			Number of Share Options					
Grant Date	Expiry Date	Exercise Price	Outstanding at 1.2.2009	Movement during the year Granted	Exercised	Lapsed	Outstanding at 31.1.2010	Exercisable at 31.1.2010
		RM	'000	'000	'000	'000	'000	'000
2010								
2.4.2007	12.9.2009	0.75	2,255	—	(2,125)	(130)	—	—
27.12.2005	12.9.2009	0.54	2,213	—	(2,197)	(16)	—	—
8.11.2004	12.9.2009	1.12	3,819	—	(3,437)	(382)	—	—
			8,287	—	(7,759)	(528)	—	—

			Number of Share Options					
Grant Date	Expiry Date	Exercise Price	Outstanding at 1.2.2008	Movement during the year Granted	Exercised	Lapsed	Outstanding at 31.1.2009	Exercisable at 31.1.2009
		RM	'000	'000	'000	'000	'000	'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

25. EMPLOYEE BENEFITS (CONT'D)

Employee Share Options Scheme ("ESOS") (cont'd)

(i) Share options exercised during the financial year

As disclosed in Note 24, options exercised during the financial year resulted in the issuance of 7,759,624 (2009: 2,472,660) ordinary shares at the exercise price between RM 0.54 and RM 1.12 (2009: RM0.54 to RM1.12) each. The related weighted average share price at the date of exercise was RM0.85 (2009: RM0.79).

(ii) Fair value of share options granted during the year

There were no share options granted during the current and previous years.

26. OTHER RESERVES (NON-DISTRIBUTABLE)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Foreign exchange reserve	(23,257)	(3,195)	—	—
Revaluation reserve	13,309	7,998	—	—
Capital reserve	3,519	3,519	—	—
Merger reserve	51,989	51,989	—	—
Share option reserve	—	347	—	347
	45,560	60,658	—	347

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

	Group	
	2010 RM'000	2009 RM'000
Foreign exchange reserve		
At 1 February	(3,195)	(36,310)
Exchange difference on translation of foreign subsidiaries and jointly controlled entities	(20,062)	33,115
At 31 January	(23,257)	(3,195)
Revaluation reserve		
At 1 February	7,998	7,998
Effect arising from the acquisition of the remaining shares in an associate	5,311	—
At 31 January	13,309	7,998

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

	Group and Company	
	2010 RM'000	2009 RM'000
Share option reserve		
At 1 February	347	679
Share options granted under ESOS:		
Exercised during the year (Note 24)	(311)	(332)
Share options lapsed during the year	(36)	—
At 31 January	—	347

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) 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 in previous years.

(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. AMOUNT DUE TO SUBSIDIARIES

	Company	
	2010 RM'000	2009 RM'000
Current		
Amount due to subsidiaries	42,174	23,772

Amount due to subsidiaries are unsecured, interest free and have no fixed terms of repayment, except for RM2,003,550 (2009: RMNil) which is subject to interest rate of 7.5% (2009: Nil) per annum.

	Company	
	2010 RM'000	2009 RM'000
Non-Current		
Amount due to a subsidiary	186,171	209,010

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

Further details on related party transactions are disclosed in Note 34.

Other information on financial risks of amount due to subsidiaries are disclosed in Note 35.

28. BORROWINGS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Short term borrowings				
Secured:				
Term loans	43,315	98,072	—	—
Revolving credits	118,971	225,734	—	—
MCPs/MMTNs (Note 30)	98,598	99,072	—	—
Hire purchase and finance lease liabilities (Note 29)	1,230	2,174	145	165
	262,114	425,052	145	165
Unsecured:				
Bank overdrafts (Note 23)	—	3,154	—	2,562
Revolving credits	29,000	45,297	7,000	7,000
Bankers' acceptances	5,605	3,344	—	—
Short term loans	878	878	—	—
	35,483	52,673	7,000	9,562
	297,597	477,725	7,145	9,727
Long term borrowings				
Secured:				
Term loans	158,135	207,348	—	—
Istisna' Bonds (Note 30)	246,448	245,444	—	—
Hire purchase and finance lease liabilities (Note 29)	728	1,515	4	149
	405,311	454,307	4	149
Total borrowings				
Term loans	201,450	305,420	—	—
Revolving credits	147,971	271,031	7,000	7,000
Bankers' acceptances	5,605	3,344	—	—
Istisna' Bonds and MCPs/MMTNs (Note 30)	345,046	344,516	—	—
Hire purchase and finance lease liabilities (Note 29)	1,958	3,689	149	314
Bank overdrafts (Note 23)	—	3,154	—	2,562
Short term loans	878	878	—	—
	702,908	932,032	7,149	9,876

28. BORROWINGS (CONT'D.)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Maturity of borrowings: (excluding hire purchase and finance lease):				
Within one year	296,367	475,551	7,000	9,562
More than 1 year and less than 2 years	43,315	161,133	—	—
More than 2 years and less than 5 years	292,263	164,029	—	—
5 years or more	69,005	127,630	—	—
	700,950	928,343	7,000	9,562

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

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Bank overdrafts	7.05 to 7.95	8.00 to 8.25	7.05 to 7.45	8.00 to 8.25
Revolving credits	1.89 to 7.50	2.28 to 8.60	4.30 to 5.55	5.53 to 5.82
Bankers' acceptances	3.29 to 3.44	4.74 to 4.94	—	—
Term loans	1.16 to 4.53	2.88 to 7.38	—	—

The term loans are secured by the following:

(a) Legal charges over certain vessels of certain subsidiaries as disclosed in Note 13;
(b) Assignment of proceeds over the existing contracts of certain subsidiaries;
(c) Fixed deposits of certain subsidiaries as disclosed in Note 23; and
(d) Corporate guarantee by the Company.

The revolving credits are secured by the following:

(a) Assignment of proceeds over the existing contracts of a subsidiary;
(b) The charge of certain operating bank accounts of a subsidiary;
(c) Charge over the sinking fund accounts of a subsidiary; and
(d) The letter of undertaking by the Company.

29. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Future minimum lease payments:				
Not later than 1 year	1,585	2,656	173	196
Later than 1 year and not later than 2 years	749	1,846	5	178
Total future minimum lease payment	2,334	4,502	178	374
Less: Future finance charges	(376)	(813)	(29)	(60)
Present value of finance lease liabilities (Note 28)	1,958	3,689	149	314
Analysis of present value of finance lease liabilities:				
Not later than 1 year	1,230	2,174	145	165
Later than 1 year and not later than 2 years	728	1,515	4	149
	1,958	3,689	149	314
Due within 12 months (Note 28)	(1,230)	(2,174)	(145)	(165)
Due after 12 months (Note 28)	728	1,515	4	149

The Group's and the Company's hire purchase and finance lease liabilities bore effective interest rates ranging from 5% to 17% (2009:5% to 17%) per annum.

Other information of financial risks of hire purchase and finance lease liabilities are disclosed in Note 35.

30. ISTISNA' BONDS AND MURABAHAH COMMERCIAL PAPER ("MCPS")/MURABAHAH MEDIUM TERM NOTES ("MMTNS")

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

	2010 RM'000	2009 RM'000
Istisna' Bonds (non-current)		
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	3,465	2,461
Amount included within borrowings	246,448	245,444

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

	2010 RM'000	2009 RM'000
MCPs/MMTNs (current)		
Nominal value	100,000	100,000
Less: Discount and issuance expenses	(9,830)	(2,823)
Net proceeds from issuance of MCPs/MMTNs	90,170	97,177
Amortisation of discount	8,428	1,895
Amount included within borrowings	98,598	99,072
Total amount included within borrowings	345,046	344,516

Maturity of Istisna' Bonds and MCPs/MMTNs:

Within 1 year	98,598	99,072
More than 2 years and less than 5 years	177,443	117,814
5 years or more	69,005	127,630
	345,046	344,516

The Istisna' Bonds and MCPs/MMTNs 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 from the Company dated 16 August 2005 and Supplemental Guarantee dated 20 March 2006 to secure the payment and repayment of the Istisna' Bonds and MMTNs;

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

The Istisna' Bonds and MCPs/MMTNs are secured by the following: (cont'd)

(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 Company, BPSB, Crest Marine Engineering Sdn. Bhd. ("CME"), Prominent Energy Sdn. Bhd. ("PESB"), and OSK Trustees Berhad;

(vii) Mortgage on a vessel known as Sarku Clementine created by PESB on 20 March 2006 in favour of UOB Trustee (Malaysia) Berhad;

(viii) Deed of Covenant between PESB 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 CME and UOB Trustee (Malaysia) Berhad creating a fixed first charge on existing Saturation Diving Systems ("SATS");

(xi) Assignment of the Sale and Purchase Agreement ("S&P") 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; and

(xiii) Specific Debenture dated 14 January 2009 between CME and OSK Trustees Berhad creating a fixed first charge on the 12-man SATS.

The Istisna' Bonds bear coupon rates ranging from 5% to 7.55% (2009: 5% to 7.55%) per annum.

31. TRADE AND OTHER PAYABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current				
Trade payables				
Third parties	1,018,092	1,088,671	—	—
Other payables				
Rig refurbishment payables	26,235	24,521	—	—
Staff costs	41,545	35,646	7,409	5,024
Accrued expenses	37,414	31,496	21,426	9,624
Sundry payables	45,927	27,385	8,265	12,857
	151,121	119,048	37,100	27,505
Amount due to:				
Jointly controlled entity	—	16,999	—	—
Sapura Group of companies	1,027	4,207	227	1,564
	1,027	21,206	227	1,564
	1,170,240	1,228,925	37,327	29,069

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 90 days (2009: 30 days to 90 days).

Further details on related party transactions are disclosed in Note 34.

Other information on financial risks of trade and other payables are disclosed in Note 35.

32. COMMITMENTS

	Group	
	2010 RM'000	2009 RM'000
(a) Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	95,447	106,039
Approved but not contracted for:		
Property, plant and equipment	66,981	69,740
	162,428	175,779
Share of capital commitments of jointly controlled entities	64,836	80,939
	227,264	256,718
(b) Operating leases		
Non-cancellable operating commitments as lessee		
- Within 1 year	3,705	6,536
- Later than 1 year but not more than 5 years	3,425	5,977
	7,130	12,513

The Group leases premises under non-cancellable operating leases expiring within 4 years. The leases have various terms and escalation clauses.

33. CORPORATE GUARANTEES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Secured				
Corporate guarantees given to financial institutions for credit facilities granted to				
- subsidiaries	—	—	448,014	496,329
- an associate	—	3,378	—	3,378
- jointly controlled entities	542,504	482,063	542,504	482,063
	542,504	485,441	990,518	981,770
Unsecured				
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	—	—	137,817	140,803
	542,504	485,441	1,128,335	1,122,573

The corporate guarantees are secured by way of deposits pledged, legal charges over certain vessels and assignment of proceeds of certain subsidiaries.

The Company has also provided performance guarantees of RM114.2 million (2009 : RM133.1 million) to third parties to ensure performance of contracts by certain subsidiaries.

34. RELATED PARTY DISCLOSURES

(a) Related party transactions

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	
	2010 RM'000	2009 RM'000
Group		
(a) Technical services provided by Seadrill Asia Limited*	13,759	12,687
(b) Bareboat rental received/receivable from Seadrill Asia Limited* and/or its related companies	42,559	32,853
(c) Bareboat rental paid/payable to Seadrill Asia Limited* and/or its related companies	113,471	256,852
(d) Charter of vessel from an associated company, TL Oilserve Sdn. Bhd.	—	4,864
(e) Management fees payable/paid to a substantial Corporate Shareholder, Sapura Holding Sdn. Bhd. #	20,000	10,000
(f) Rent of office premises from :		
- Merapi Sdn. Bhd.#	194	260
- Sapura Resources Berhad #	6,400	4,833
(g) Support and maintenance services for information technology rendered by Sapura Synergy (Malaysia) Sdn. Bhd.#	1,018	983

34. RELATED PARTY DISCLOSURES (CONT'D)

(a) Related party transactions (cont'd)

		Transactions	
		2010 RM'000	2009 RM'000
Company			
(a)	Dividend income from		
	- Probadi Sdn. Bhd.	78,624	30,240
	- TL Offshore Sdn. Bhd.	17,000	20,000
	- Petro-Plus Sdn. Bhd.	—	12,600
	- Sapura Energy Sdn. Bhd.	—	1,500
	- TL Oilserve Sdn. Bhd.	—	1,680
(b)	Rent of office premises from Sapura Resources Berhad #	2,431	1,635
(c)	Interest receivable from subsidiaries:		
	- Sapura Energy Sdn. Bhd	. 3,955	3,207
	- Prominent Energy Sdn. Bhd.	2,745	2,718
	- Sapura Retail Solutions Sdn. Bhd.	241	269
	- Sarku Engineering Services Sdn. Bhd.	2,935	4,711
	- Total Marine Technology Pty. Ltd.	750	623
	- TL Offshore Sdn. Bhd.	—	179
(d)	Management fees payable/paid to a substantial Corporate Shareholder, Sapura Holdings Sdn. Bhd. #	20,000	10,000
(e)	Support and maintenance services for information technology rendered by Sapura Synergy (Malaysia) Sdn. Bhd.#	319	319

* Seadrill Asia Limited is a substantial corporate shareholder of the Company and a minority shareholder of certain subsidiary companies

\# 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.

34. 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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Short term employee benefits	20,177	13,641	8,283	6,173
Contributions to defined contribution plan - EPF	2,542	1,776	1,231	911

Included in the total key management personnel compensation are:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Directors' remuneration (Note 9)	7,463	6,328	2,395	1,729

Executive directors of the Group and the Company and other members of key management have exercised the following options previously granted under the ESOS:

	Group and Company	
	2010 '000	2009 '000
At 1 February	5,943	8,104
Exercised	(5,943)	(2,161)
At 31 January	—	5,943

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 25).

35. 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.

35. FINANCIAL INSTRUMENTS (CONT'D)

(c) Foreign currency risk

The Group operates in the Asia Pacific region and is exposed to various currencies, mainly the Singapore Dollar, India Rupee, Euro 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.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	Net Financial Assets/(Liabilities) Held in Non-Functional Currency								
Functional Currency of Group Companies	United States Dollar	Singapore Dollar	Euro	Great Britain Pound	Brunei Dollar	India Rupee	Indonesia Rupiah	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 January 2010									
Trade and Other Receivables									
Ringgit Malaysia	636,534	8,201	706	—	—	81,421	—	—	726,862
United States Dollar	—	631	—	—	—	—	—	—	631
Singapore Dollar	8,111	—	—	241	—	—	—	—	8,352
Australian Dollar	1,505	—	—	183	—	—	—	—	1,688
	646,150	8,832	706	424	—	81,421	—	—	737,533
Cash and Bank Balances									
Ringgit Malaysia	334,686	1	95	1	—	415	—	—	335,198
Singapore Dollar	6,640	—	—	—	—	621	—	—	7,261
Australian Dollar	7,188	—	—	—	—	—	—	—	7,188
	348,514	1	95	1	—	1,036	—	—	349,647

35. FINANCIAL INSTRUMENTS (CONT'D)

(c) Foreign currency risk (cont'd)

	Net Financial Assets/(Liabilities) Held in Non-Functional Currency								
Functional Currency of Group Companies	United States Dollar	Singapore Dollar	Euro	Great Britain Pound	Brunei Dollar	India Rupee	Indonesia Rupiah	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 January 2010 (cont'd)									
Trade and Other Payables									
Ringgit Malaysia	(277,689)	(23,396)	(30,471)	(16)	(15)	(3,831)	(159)	(73)	(335,650)
Singapore Dollar	(1,845)	—	(2)	(207)	—	(10)	—	(323)	(2,387)
	(279,534)	(23,396)	(30,473)	(223)	(15)	(3,841)	(159)	(396)	(338,037)
Borrowings									
Ringgit Malaysia	(12,131)	—	—	—	—	—	—	—	(12,131)
At 31 January 2009									
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	305,015	2,379	51	16	19	—	—	262	307,742
Singapore Dollar	28,085	—	—	—	—	—	682	—	28,767
Australian Dollar	558	—	—	—	—	—	—	—	558
	333,658	2,379	51	16	19	—	682	262	337,067

35. FINANCIAL INSTRUMENTS (CONT'D)

(c) Foreign currency risk (cont'd)

	Net Financial Assets/(Liabilities) Held in Non-Functional Currency								
Functional Currency of Group Companies	United States Dollar	Singapore Dollar	Euro	Great Britain Pound	Brunei Dollar	India Rupee	Indonesia Rupiah	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 January 2009 (cont'd)									
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)

(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.

(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 2010. 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.

he 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.

35. FINANCIAL INSTRUMENTS (CONT'D)

(e) Interest rate risk (cont'd)

As at 31 January 2010, the Company has outstanding Cross Currency Interest Rate Swap ("CCIRS") with staggered maturities at varying semi-annual amounts up to the year 2015. The notional amount and net fair value loss of CCIRS not recognised in the balance sheet of the Company as at the end of the financial year are as follows:

	Notional amount	Fair value loss
	RM'000	RM'000
CCIRS	245,000	4,523

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 Liabilities:				
As at 31 January 2010:				
Istisna' Bonds and MCPs/MMTNs	345,046	349,773	—	—
Hire purchase and lease payables	1,958	1,869	149	149
As at 31 January 2009:				
Istisna' Bonds and MCPs/MMTNs	344,516	348,535	—	—
Hire purchase and lease payables	3,689	3,671	314	306

It is not practicable to estimate the fair values of corporate guarantees (disclosed in Note 33) reliably due to the uncertainties of timing, costs and eventual outcome.

35. FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair values (cont'd)

The following methods and assumptions are used to estimate the fair values of the following classes of instruments:

(i) Cash and Cash Equivalents, Receivables/Payables, and Amounts due from/to related companies 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.

36. 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 material 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.

36. SEGMENT INFORMATION (CONT'D)

	Installation of Pipelines and Facilities	Offshore Oil and Gas Drilling	Marine Services	Operations and Maintenance	Corporate and Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 January 2010							
Revenue							
External sales	1,714,289	844,286	645,897	52,571	—	—	3,257,043
Inter-segment sales	—	—	251,492	106	216,147	(467,745)	—
Total revenue	1,714,289	844,286	897,389	52,677	216,147	(467,745)	3,257,043
Results							
Operating results	119,643	340,764	(51,757)	8,152	191,801	(248,423)	360,180
Finance costs							(45,186)
Interest income							2,226
Share of results of associates	—	—	(792)	1,134	—	—	342
Share of results of jointly controlled entities	50,603	—	—	—	(4,166)	—	46,437
Profit before tax							363,999
Income tax expense							(28,745)
Profit for the year							335,254
Minority interests							(163,219)
Profit for the year attributable to equity holders of the Company							172,035
Assets							
Segment assets	973,041	1,095,296	916,170	25,697	565,880	(455,323)	3,120,761
Investments in associates	—	—	—	6,519	—	—	6,519
Investments in jointly controlled entities	106,820	—	—	—	78,768	—	185,588
Unallocated corporate assets							36,393
Consolidated total assets							3,349,261

36. SEGMENT INFORMATION (CONT'D)

	Installation of Pipelines and Facilities	Offshore Oil and Gas Drilling	Marine Services	Operations and Maintenance	Corporate and Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 January 2010 (cont'd)							
Liabilities							
Segment liabilities	741,471	99,783	519,162	18,292	86,543	(295,010)	1,170,241
Unallocated corporate liabilities							718,700
Consolidated total liabilities							1,888,941
Other Information							
Capital expenditure	1,107	—	76,813	902	783	—	79,605
Depreciation	1,267	47,966	40,170	720	1,332	—	91,455
Non-cash expense/ (income) other than depreciation, amortisation and impairment losses	12,977	(4,456)	(2,896)	12	2,932	(311)	8,258

36. SEGMENT INFORMATION (CONT'D)

	Installation of Pipelines and Facilities	Offshore Oil and Gas Drilling	Marine Services	Operations and Maintenance	Corporate and Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	—	100,858	(354,593)	—
Total revenue	1,892,510	905,561	869,657	37,709	100,858	(354,593)	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	—	—	608	15	—	—	623
Share of results of jointly controlled entities	(42,869)	—	—	—	(2,850)	—	(45,719)
Profit before tax							281,560
Income tax expense							(31,790)
Profit for the year							249,770
Minority interests							(133,996)
Profit for the year attributable to equity holders of the Company							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

36. SEGMENT INFORMATION (CONT'D)

	Installation of Pipelines and Facilities	Offshore Oil and Gas Drilling	Marine Services	Operations and Maintenance	Corporate and Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 January 2009 (cont'd)							
Liabilities							
Segment liabilities	851,182	220,209	505,791	14,356	120,053	(452,399)	1,259,192
Unallocated corporate liabilities							948,603
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

36. 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:

	2010 RM'000	2009 RM'000
Total revenue from external customers		
Malaysia	3,154,716	3,261,087
Singapore	45,649	134,659
Australia	56,678	55,956
Consolidated	3,257,043	3,451,702

The following table provides an analysis of the carrying amount of segment assets and capital expenditure, analysed by geographical segments:

	2010 RM'000	2009 RM'000
Segment assets		
Malaysia	3,047,093	3,251,164
Singapore	45,103	89,778
Australia	28,565	59,068
Consolidated	3,120,761	3,400,010
Capital expenditure		
Malaysia	70,502	44,025
Singapore	987	2,689
Australia	8,116	10,922
Consolidated	79,605	57,636

(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.

37. SUBSIDIARIES AND ACTIVITIES

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of ownership interest 2010 %	2009 %
(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 operations 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
Sapura Crest Dana SPV Pte. Ltd.	Federal Territory of Labuan, Malaysia	Dormant	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
Aurabayu Sdn. Bhd.	Malaysia	Dormant	100	100
Geomark Sdn. Bhd.	Malaysia	Investment holding	100	100

37. SUBSIDIARIES AND ACTIVITIES (CONT'D)

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of ownership interest 2010 %	2009 %
(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 on ROVs	Development of marine technology and marine chartering, specialising	94	94
* Exercise Pty. Ltd.	Australia	Dormant	94	94
* Babalon Pty. Ltd.	Australia	Dormant	94	94

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 additional acquisition has resulted in the following:

	RM'000
Purchase consideration satisfied by cash	7,875
Less: Minority interests acquired	(4,125)
Goodwill arising from additional investment in subsidiary (Note 14)	3,750

37. SUBSIDIARIES AND ACTIVITIES (CONT'D)

Details of the subsidiaries are as follows:

	Name of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of ownership interest 2010 %	2009 %
	(d) Held through TL GeoSciences Sdn. Bhd.				
	TL Geohydrographics Sdn. Bhd.	Malaysia	Hydrographic surveys and related services	100	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	100	70
#	TL Geohydrographics Pty. Ltd.	Australia	Hydrographic surveys and related services	100	70
*	TL Oilserve Sdn. Bhd. (formerly known as Scomi Oilserve Sdn.Bhd.)	Malaysia	Provision of marine vessel transportation services	100	40
*	Oilserve (L) Berhad	Federal Territory of Labuan, Malaysia	Leasing of vessels/ barges	100	40

(i) On 28 July 2009, TL GeoSciences Sdn Bhd ("TLGS"), a wholly owned subsidiary of the Company, had completed the acquisition of the remaining 30% shareholding in TL Geohydrographics Sdn Bhd ("TLGH") from William Adam Petrie for a total cash consideration of RM18 million. With the acquisition, TLGH has become a wholly owned subsidiary of TLGS.

The additional investment has resulted the following:

	RM'000
Purchase consideration satisfied by cash	18,000
Less: Minority interests acquired	(23,810)
Reserve arising from additional investment in subsidiary (Note 5)	(5,810)

37. SUBSIDIARIES AND ACTIVITIES (CONT'D)

(d) Held through TL GeoSciences Sdn. Bhd. (cont'd)

(ii) On 24 August 2009, TL Geotechnics Sdn Bhd ("TLGSB"), a wholly owned subsidiary of TLGS, had completed the acquisition of 60% shareholding in TL Oilserve Sdn Bhd ("TLOSB") from Scomi Group Berhad for a cash consideration of RM8.2 million.

Subsequently on 30 September 2009, the Company transferred its 40% direct shareholding in TLOSB to TLGSB, thus making TLOSB a wholly owned subsidiary of TLGSB.

The acquired subsidiary has contributed the following results to the Group:

	2010 RM'000
Revenue	22,425
Profit for the year	3,400

If the acquisition had occurred on 1 February 2009, TLOSB's contribution to the Group's revenue and profit for the year would have been RM62,874,583 and RM5,709,929 respectively.

The assets and liabilities arising from the acquisition are as follows:

	Fair value recognised on acquisition	Acquiree's carrying amount
Property, plant and equipment (Note 13)	31,865	23,308
Trade and other receivables	19,078	19,078
Cash and bank balances	11,221	11,221
	62,164	53,607
Trade and other payables	(31,168)	(31,168)
Borrowings	(7,035)	(7,035)
Deferred tax liabilities (Note 18)	(30)	(30)
	(38,233)	(38,233)

37. SUBSIDIARIES AND ACTIVITIES (CONT'D)

(d) Held through TL GeoSciences Sdn. Bhd. (cont'd)

(ii) (cont'd)

	2010 RM'000
Fair value of net assets	23,931
Less: Minority interests	(9,572)
Group's share of net assets	14,359
Reserve arising from acquisition	(5,982)
Total cost of acquisition	8,377

The cash outflow on acquisition is as follows:

Purchase consideration satisfied by cash	8,173
Costs attributable to the acquisition, paid in cash	204
Total cash outflow of the Company	8,377
Cash and cash equivalents of subsidiaries acquired	(11,221)
Net cash inflow of the Group	(2,844)

Name of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of ownership interest 2010 %	2009 %
(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

37. SUBSIDIARIES AND ACTIVITIES (CONT'D)

	Name of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of ownership interest 2010 %	Proportion of ownership interest 2009 %
	(e) Held through Sapura Energy Sdn. Bhd. (cont'd)				
	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 provision of management services	100	100
*	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

37. SUBSIDIARIES AND ACTIVITIES (CONT'D)

	Name of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of ownership interest 2010 %	2009 %
	(e) Held through Sapura Energy Sdn. Bhd. (cont'd)				
*	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

38. SIGNIFICANT EVENTS

a) On 16 March 2009, TL Offshore Sdn Bhd, a wholly owned subsidiary of the Company, received a Letter of Award from Sabah Shell Petroleum Company Limited ("SSPC") for the performance of offshore installation works ("Works") at SSPC's Gumusut-Kakap Offshore Fields.

The Works are expected to be for a duration of 3 years with a base price of USD825 million and will be executed by SapuraAcergy Sdn Bhd, a jointly controlled entity.

b) On 1 August 2008, Geomark Sdn Bhd ("Geomark"), a wholly owned subsidiary of the Company, had entered into a shareholders' agreement with AP Prakash Shipping Company Pte Ltd ("APPPL") to participate in the construction and ownership of a new vessel by Quippo Prakash Pte Ltd ("QPPL") ("JV Agreement").

The joint venture became effective on 21 May 2009 with Geomark and APPPL holding 26% and 74% equity respectively (Note 17).

c) On 28 July 2009, TL GeoSciences Sdn Bhd ("TLGS"), a wholly owned subsidiary of the Company, had completed the acquisition of the remaining 30% shareholding in TL Geohydrographics Sdn Bhd ("TLGH") from William Adam Petrie for a total cash consideration of RM18 million. With the acquisition, TLGH has become a wholly owned subsidiary of TLGS (Note 37).

d) On 24 August 2009, TL Geotechnics Sdn Bhd ("TLGSB"), a wholly owned subsidiary of TLGS, had completed the acquisition of 60% shareholding in TL Oilserve Sdn Bhd ("TLOSB") from Scomi Group Berhad for a cash consideration of RM8.2 million.

Subsequently on 30 September 2009, the Company transferred its 40% direct shareholding in TLOSB to TLGSB, thus making TLOSB a wholly owned subsidiary of TLGSB (Note 37).

38. SIGNIFICANT EVENTS (CONT'D)

e) On 2 October 2009, SapuraAcergy Sdn Bhd, a jointly controlled entity, was awarded a contract from Apache Energy Limited for the transportation and installation of offshore facilities in Australia ("Works").

The engineering and project preparations will commence immediately, while offshore installation is scheduled to commence in late 2010.The Works are expected to be completed by early 2011 and the value of the contract is approximately USD170 million.

f) On 24 December 2009, TL Offshore Sdn Bhd ("TLO"), a wholly owned subsidiary of the Company, was awarded a joint contract ("Contract") by 11 of Petronas' Production Sharing Contractors ("PSCs") for the provision of works and services for the transportation and installation of offshore oil and gas facilities and structures for the PSCs for the years 2010 to 2012 ("Works") with options for 2 further extensions of 1 year each. The scope of Works and the project schedule shall be specified and determined on a yearly basis. The price for the confirmed scope of Works for the year 2010 is approximately RM1.5 billion.

Works are expected to commence in March 2010 around various offshore locations in Malaysian waters.

g) On 22 January 2010, Offshore International FZC, a jointly controlled entity, received a Notice of Award from Larsen & Toubro Limited for the provision of works and services for the transportation and installation of four platform jackets in the Mumbai High North Field, offshore Mumbai ("Works").

Works are expected to commence in November 2010 and to be completed in January 2011. The price for the Works is approximately USD75 million.

ANALYSIS OF SHAREHOLDINGS

As at 21 May 2010

Authorised Share Capital	:	RM1,000,000,000.00
Issued and Paid-Up Share Capital	:	RM255,344,489.60 comprising 1,276,722,448 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	:	15,687 Shareholders

DISTRIBUTION OF ORDINARY SHARES

Based on Record of Depositors as at 21 May 2010

	No. of Shareholders		No. of Shares Held		%	
Category By Size	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 100 shares	810	6	23,643	165	0.0019	0.0000
100 to 1,000 shares	4,985	74	3,745,983	61,285	0.2934	0.0048
1,001 to 10,000 shares	7,407	197	31,912,064	977,651	2.4995	0.0766
10,001 to 100,000 shares	1,719	119	49,396,830	4,314,038	3.8690	0.3379
100,001 to less than 5% of issued shares	295	71	245,198,440	83,419,618	19.2053	6.5339
5% and above of issued shares	3	1	556,540,711	301,132,020	43.5914	23.5863
SUB-TOTAL	15,219	468	886,817,671	389,904,777	69.4605	30.5395
TOTAL	15,687		1,276,722,448		100.00	

Classification of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares
Individual	12,827	81.77	96,898,756	7.59
Body Corporate:				
Banks / Finance Companies	64	0.41	23,012,203	1.80
Trusts / Foundations / Charities	2	0.01	41,000	0.00
Private Limited Companies	136	0.87	16,240,824	1.27
Government Agencies/Institutions	6	0.04	89,434,747	7.01
Nominees	2,652	16.90	1,051,094,918	82.33
TOTAL	15,687	100.00	1,276,722,448	100.00

ANALYSIS OF SHAREHOLDINGS

As at 21 May 2010

Location of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares
Malaysia	15,532	99.01	1,274,579,426	99.83
Singapore	116	0.74	1,802,278	0.14
United Kingdom	4	0.03	131,022	0.01
Hongkong	4	0.03	42,000	0.00
Australia	9	0.06	55,722	0.00
Japan	1	0.01	10,000	0.00
America	4	0.03	25,000	0.00
Philipines	1	0.01	2,000	0.00
France	1	0.01	3,000	0.00
Taiwan	1	0.01	10,000	0.00
Brunei	7	0.04	38,000	0.00
Others	7	0.04	24,000	0.00
TOTAL	**15,687**	**100.00**	**1,276,722,448**	**100.00**

DIRECTORS' DIRECT AND DEEMED INTERESTS IN THE ORDINARY SHARES

Based on Register of Directors' Shareholdings as at 21 May 2010

	Direct Interest		Deemed Interest	
Director	No. of Shares Held	%	No. of Shares Held	%
Dato' Hamzah Bakar	1,520,000	0.119	—	—
Datuk Shahril Shamsuddin	4,023,958	0.315	511,427,864*1	40.058
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	25,000*2	0.002
Shahriman Shamsuddin	488,625	0.038	511,427,864*1	40.058

Notes:

*1 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.

*2 Deemed interested by virtue of Section 6A of the Companies Act, 1965.

SUBSTANTIAL SHAREHOLDERS
Based on Register of Substantial Shareholders as at 21 May 2010

Shareholder	Direct Interest No. of Shares Held	%	Deemed Interest No. of Shares Held	%
Sapura Technology Berhad	486,894,964	38.136	—	—
Sapura Holdings Sdn Bhd	—	—	511,427,864*1	40.058
Brothers Capital Sdn Bhd	—	—	511,427,864*2	40.058
Datuk Shahril Shamsuddin	4,023,958	0.315	511,427,864*3	40.058
Shahriman Shamsuddin	488,625	0.038	511,427,864*3	40.058
Seadrill Limited	301,132,020	23.586	—	—
Employees Provident Fund Board	116,706,047	9.141	—	—

Notes:

*1 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.
*2 Deemed interested by virtue of its direct interest in Sapura Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.
*3 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 21 May 2010

No.	Name	No. of Shares Held	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR SAPURA TECHNOLOGY BERHAD (BANKING)	331,320,318	25.9508
2	CARTABAN NOMINEES (ASING) SDN BHD NORDEA BANK NORGE ASA FOR SEADRILL LIMITED	301,132,020	23.5863
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD SAPURA TECHNOLOGY BERHAD	137,995,446	10.8086
4	EMPLOYEES PROVIDENT FUND BOARD	87,224,947	6.8319
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR SAPURA CAPITAL SDN BHD (PB)	23,659,600	1.8532
6	CIMSEC NOMINEES (TEMPATAN) SDN BHD SAPURA TECHNOLOGY BERHAD (ESOS POOL ACCOUNT)	17,579,200	1.3769

ANALYSIS OF SHAREHOLDINGS
As at 21 May 2010

No.	Name	No. of Shares Held	%
7	SBB NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	13,952,100	1.0928
8	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NA, SINGAPORE (JULIUS BAER)	11,640,000	0.9117
9	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)	10,319,100	0.8082
10	SBB NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	8,932,100	0.6996
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD ING INSURANCE BERHAD (INV-IL PAR)	7,895,900	0.6185
12	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	7,793,100	0.6104
13	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (NORGES BK NLEND)	6,554,500	0.5134
14	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC (CLIENT)	5,500,000	0.4308
15	HSBC NOMINEES (ASING) SDN BHD HSBC-FS FOR LEGG MASON SOUTHEAST ASIA SPECIAL SITUATIONS TRUST (201061)	5,268,100	0.4126
16	HSBC NOMINEES (TEMPATAN) SDN BHD NOMURA ASSET MGMT MALAYSIA FOR EMPLOYEES PROVIDENT FUND	5,159,100	0.4041
17	RHB NOMINEES (TEMPATAN) SDN BHD RHB INVESTMENT MANAGEMENT SDN BHD FOR KUMPULAN WANG SIMPANAN PEKERJA	5,000,000	0.3916
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD MANULIFE INSURANCE BERHAD (OL PAR)	4,650,000	0.3642
19	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG SINGAPORE FOR DELTA ASIA INVESTMENTS LIMITED	4,400,000	0.3446
20	HSBC NOMINEES (ASING) SDN BHD MORGAN STANLEY & CO. INTERNATIONAL PLC (FIRM A/C)	4,029,082	0.3156
21	DATUK SHAHRIL SHAMSUDDIN	4,023,958	0.3152
22	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG LONDON	3,970,000	0.3110

No.	Name	No. of Shares Held	%
23	CHOOT EWE HIN	3,870,060	0.3031
24	HSBC NOMINEES (ASING) SDN BHD HSBC-FS FOR LEGG MASON ASIAN ENTERPRISE TRUST	3,171,800	0.2484
25	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM WAWASAN 2020	3,036,800	0.2379
26	AM NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (A/C1)	3,000,000	0.2350
27	CARTABAN NOMINEES (ASING) SDN BHD STATE STREET LONDON FUND JY74 FOR THE PACIFIC BASIN EQUITY FUND (RIC PLC)	2,992,600	0.2344
28	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	2,974,500	0.2330
29	CARTABAN NOMINEES (ASING) SDN BHD STATE STREET AUSTRALIA FUND SGIA FOR MONETARY AUTHORITY OF SINGAPORE	2,936,000	0.2300
30	AM NOMINEES (TEMPATAN) SDN BHD PERTUBUHAN KESELAMATAN SOSIAL	2,830,000	0.2217
		1,032,810,331	80.8955

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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 of 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 and on my/our behalf at the 31st 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, 6 July 2010 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.

Resolutions		For	Against
ORDINARY RESOLUTION 1	To lay the Audited Financial Statements & Reports for the financial year ended 31 January 2010.		
ORDINARY RESOLUTION 2	Payment of a single-tier final dividend.		
ORDINARY RESOLUTION 3	Payment of Directors' fees.		
ORDINARY RESOLUTION 4	Re-election of Tan Sri Datuk Amar (Dr.) Hamid Bugo.		
ORDINARY RESOLUTION 5	Re-election of Ms Gee Siew Yoong.		
ORDINARY RESOLUTION 6	Re-election of Encik Mohamed Rashdi Mohamed Ghazalli.		
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 ____________ 2010

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.

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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