SapuraCrest Petroleum Berhad (45631-D)

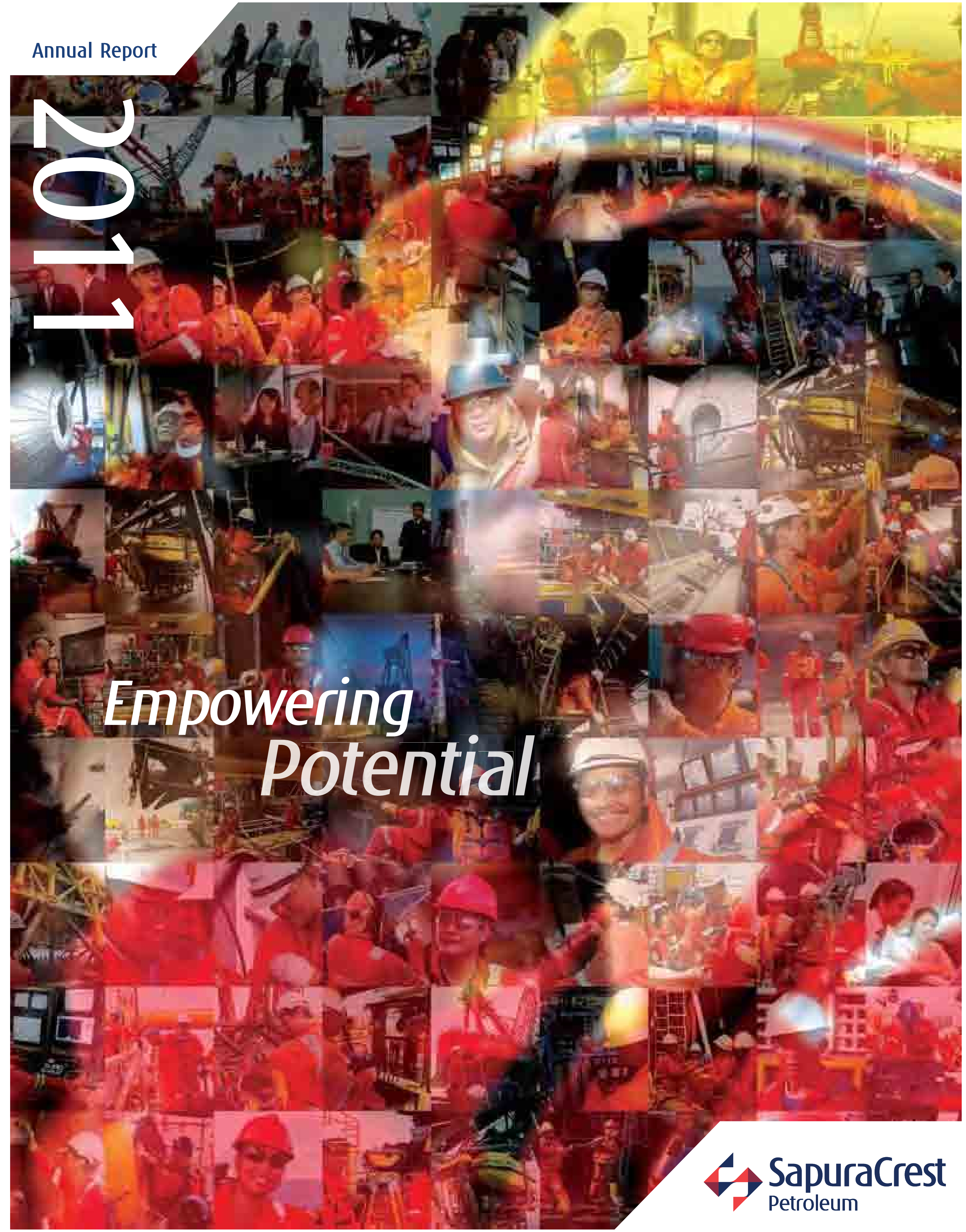
Sapura@Mines, No. 7 Jalan Tasik,
The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia
Tel: +60(3) 8659 8800 Fax: +60(3) 8659 8811
www.sapuracrest.com.my

2011 Annual Report

SapuraCrest Petroleum Berhad (45631-D)

Annual Report

2011



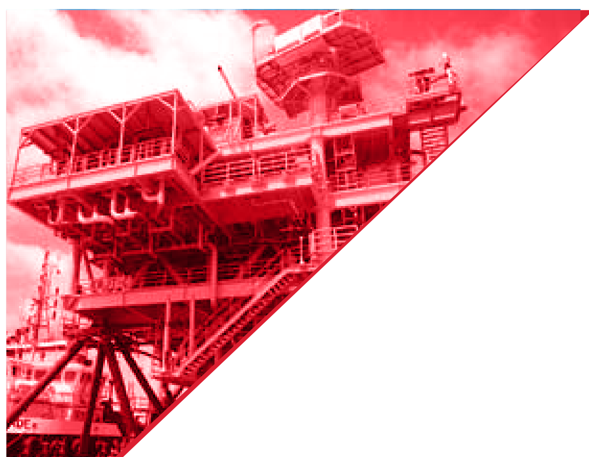
Empowering Potential

SapuraCrest Petroleum

EMPOWERING POTENTIAL

In pursuit of success and to ensure a sustainable future for our organisation, we strive to empower the potential of our talents, assets, technology and resources to always be at the forefront of the industry that we operate in.

The cover reflects the theme "Empowering Potential" by showcasing a montage of our people, assets and resources blended together to form an inspired portrait of our men at work.



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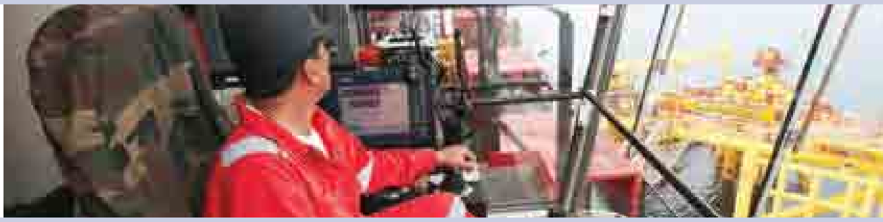


NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 32nd 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 Wednesday, 6 July 2011 at 10.00 a.m. to transact the following businesses:

AGENDA

1. To receive the Audited Financial Statements together with the Directors' and Auditors' reports for the financial year ended 31 January 2011.

Ordinary Resolution 1 — 2. To approve the payment of a single-tier final dividend of 5.5 sen per share for the financial year ended 31 January 2011.

Ordinary Resolution 2 — 3. To approve the Directors' fees for the financial year ended 31 January 2011.

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:
   - Ordinary Resolution 3 — i. Datuk Shahril Shamsuddin
   - Ordinary Resolution 4 — ii. Tan Sri Ibrahim Menudin
   - Ordinary Resolution 5 — iii. Dato' Fauziah Dato' Ismail

5. To re-elect the following Directors who retire pursuant to Article 100 of the Articles of Association of the Company and being eligible, offer themselves for re-election:
   - Ordinary Resolution 6 — i. Datuk Kris Azman Abdullah
   - Ordinary Resolution 7 — ii. YM Ungku Suleiman Ungku Abdul Aziz

Ordinary Resolution 8 — 6. To re-appoint Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.

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

Ordinary Resolution 9 — 7. **AUTHORITY FOR DIRECTORS TO ISSUE SHARES UNDER SECTION 132D OF THE COMPANIES ACT, 1965**

"THAT subject to the provisions of the Company's Articles of Association and the Main Market 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."

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

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a single-tier final dividend of 5.5 sen per share in respect of the financial year ended 31 January 2011, if approved by the shareholders at the 32nd Annual General Meeting, will be payable on 15 August 2011 to Depositors registered in the Record of Depositors at the close of business on 29 July 2011.

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 29 July 2011 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
ALIZA ASHARI
POH PHEI LING
Company Secretaries

Selangor Darul Ehsan
14 June 2011

NOTES:

1. **Agenda Item 1**
   This Agenda item is meant for discussion only as under the provisions of Section 169(1) of the Companies Act, 1965 and the Company's Articles of Association, formal approval by members is not required to be obtained. Hence, the matter will not be put forward for voting.

2. **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, Sheraton 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.

3. **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 the 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.

4. **Directors' Fees**
   The Directors' fees for the financial year ended 31 January 2011 amounted to RM1,087,583.33.

5. **Ordinary Resolution pursuant to Section 132D of the Companies Act, 1965**
   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 6 July 2010 which will lapse at the conclusion of the forthcoming 32nd AGM.

   The proposed Ordinary Resolution 9, if passed, would, subject to the Main Market 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.

   The Company is seeking the approval from shareholders on the renewal of the above mandate for the purpose of possible fund raising exercise(s) including but not limited to the further placement of shares to fund future investments, acquisitions and/or meet working capital requirements.

CORPORATE PROFILE

We are one of the largest homegrown integrated oil and gas service providers in Malaysia and have steadily expanded our operations internationally.

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

The Group is an active participant in the oil and gas industry with interests in key areas including offshore oil and gas drilling, installation of pipelines and facilities, marine services as well as maintenance activities for the oil and gas, marine and power utility industries. Apart from these activities, the Group has recently taken a crucial step in moving up the oil and gas value chain from service provider to oilfield operator.

We are one of the largest homegrown integrated oil and gas service providers in Malaysia and have steadily expanded our operations internationally.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Datuk Shahril Shamsuddin
Executive Vice-Chairman & President
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

Datuk Kris Azman Abdullah
Non-Independent Non-Executive Director

Ungku Suleiman Ungku Abdul Aziz
Non-Independent Non-Executive Director

Syed Hasan Saifud-Deen
Abdul-Basseer Alsagoff
Alternate Director to Datuk Shahril Shamsuddin and Shahriman Shamsuddin

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 & President
Non-Independent Executive Director

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

COMPANY SECRETARIES

Aliza Ashari (MIA 10400)
Poh Phei Ling (MAICSA 7035146)

DIRECTOR IN CHARGE OF SHAREHOLDERS' COMMUNICATIONS

Gee Siew Yoong
Independent Non-Executive Director
Email: 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

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

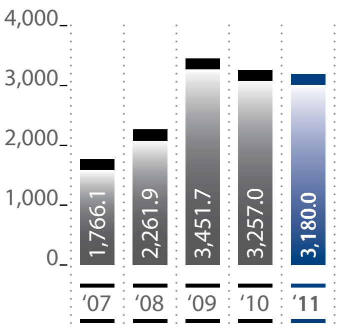
Mega Corporate Services Sdn Bhd
Level 15-2, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2692 4271
Fax: 03-2732 5388

STOCK EXCHANGE LISTING

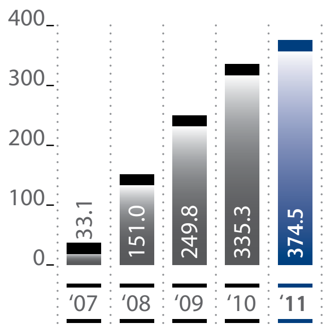
The Main Board of Bursa Malaysia
Stock Name: SAPCRES
Stock Code: 8575

FINANCIAL HIGHLIGHTS

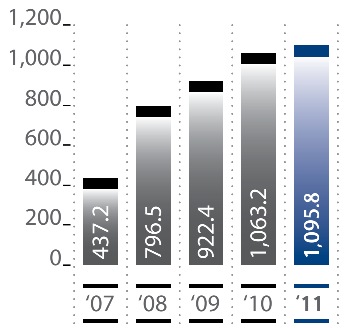
Revenue
(RM' Million)



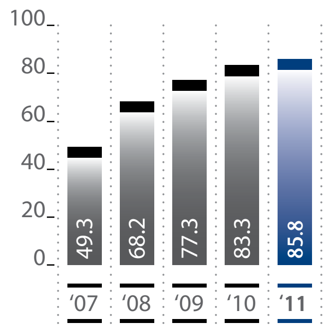
Profit after taxation
(RM' Million)



Shareholders' fund
(RM' Million)



Net asset per share
(Sen)



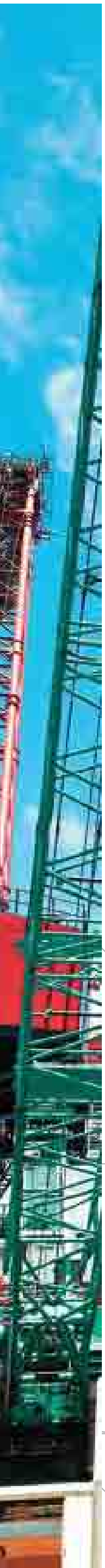
		31 January				
		2007	**2008**	**2009**	**2010**	**2011**
Revenue	(RM'mil)	1,766.1	2,261.9	3,451.7	3,257.0	3,180.0
Profit after taxation	(RM'mil)	33.1	151.0	249.8	335.3	374.5
Profit/(Loss) attributable to equity holders of the Company	(RM'mil)	(17.7)	78.3	115.8	172.0	231.4
Shareholders' fund	(RM'mil)	437.2	796.5	922.4	1,063.2	1,095.8
Basic earnings/(loss) per share	(sen)	(2.0)	7.5	9.8	13.6	18.1
Diluted earnings/(loss) per share	(sen)	(2.0)	6.6	9.1	13.6	18.1
Net asset per share	(sen)	49.3	68.2	77.3	83.3	85.8
Number of ordinary shares at financial year end	('mil)	887.1	1,168.4	1,193.8	1,276.7	1,276.7

honourable

We will win the trust of our shareholders and customers by focusing on delivering value and ensuring that we manage the resources entrusted to us efficiently.

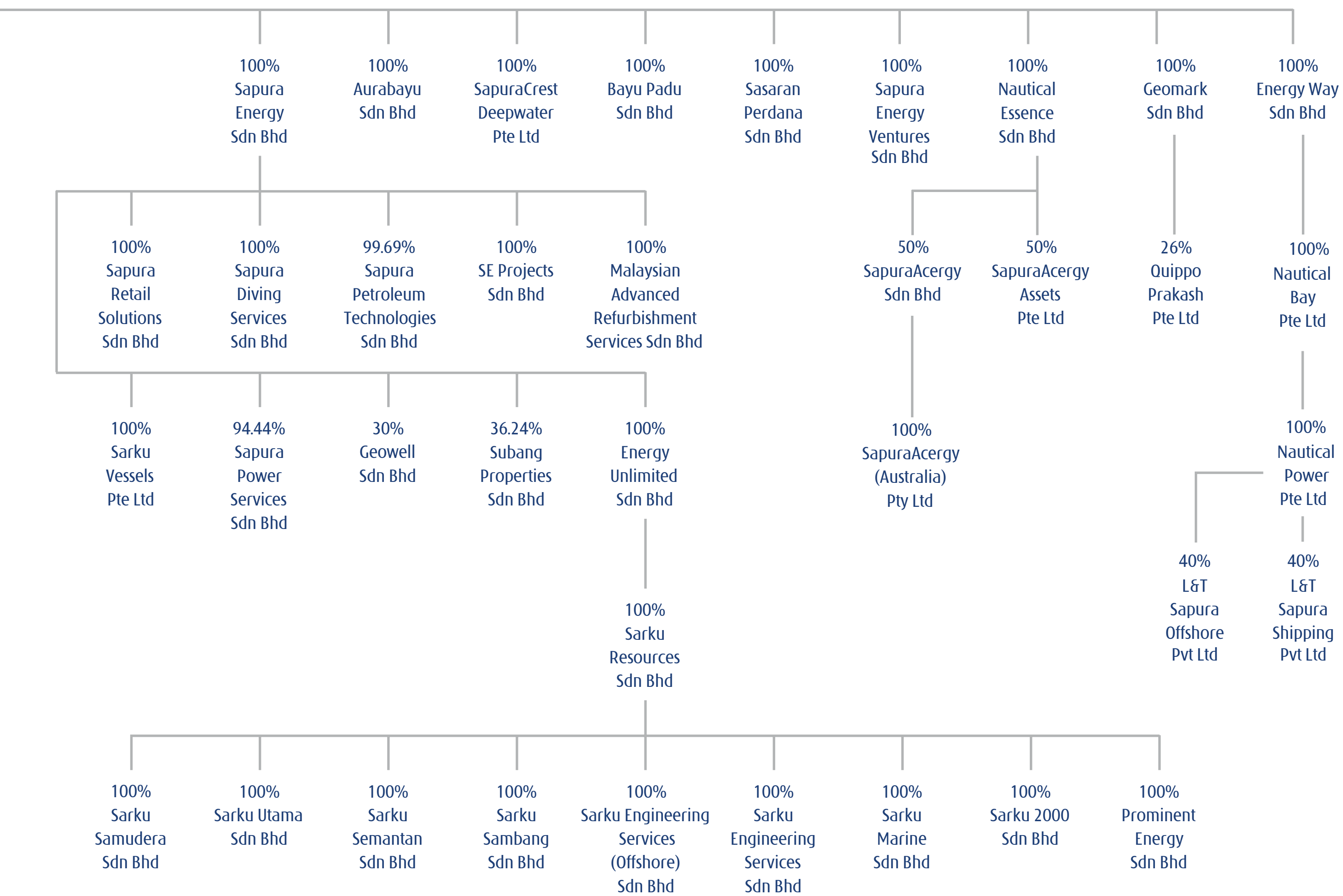

DEPUTY SUPT

CORPORATE STRUCTURE
AS AT 20 MAY 2011



SapuraCrest Petroleum

- 100% Crest Hidayat (L) Ltd
- 100% TL GeoSciences Sdn Bhd
  - 100% TL Geotechnics Sdn Bhd
    - 100% TL 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
- 100% SapuraCrest Ventures Sdn Bhd
  - 49% SapuraCrest Qatar (LLC)
- 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% Aurabayu Sdn Bhd
100% SapuraCrest Deepwater Pte Ltd
100% Bayu Padu Sdn Bhd
100% Sasaran Perdana Sdn Bhd
100% Sapura Energy Ventures Sdn Bhd
100% Nautical Essence Sdn Bhd
100% Geomark Sdn Bhd
100% Energy Way 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
50% SapuraAcergy Sdn Bhd
50% SapuraAcergy Assets Pte Ltd
26% Quippo Prakash Pte Ltd
100% Nautical Bay Pte Ltd
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% SapuraAcergy (Australia) Pty Ltd
100% Nautical Power Pte Ltd
40% L&T Sapura Offshore Pvt Ltd
40% L&T Sapura Shipping Pvt Ltd
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

DATO' HAMZAH BAKAR
Chairman

CHAIRMAN'S STATEMENT

Dear Shareholders,

SapuraCrest Petroleum Berhad (SapuraCrest or the Group) continues to realise its potential by building on its track record of success to deliver another year of outstanding performance.

The strategic initiatives that we have undertaken during the year under review have allowed us to firmly establish ourselves as a reliable regional integrated oil and gas service provider as evidenced by the strong growth recorded by the Company. Today, I am honoured to say that SapuraCrest is truly a homegrown organisation with an ever growing reach overseas. Our proven track record in successfully completing major projects has resulted in our name being firmly established as a trusted service provider both locally and abroad.

On that note, it gives me great pleasure to announce one of our most significant wins for the year, the Risk-Service Contract (RSC) for the Berantai marginal oil field development (Berantai Project). We are proud to be part of the project that will essentially kick-start the development of Malaysia's marginal oil and gas fields.

This contract which came at the back of the Government's announcement to concentrate on domestic exploration and production is indeed a major step-up and a validation of the Group's core competencies and capabilities by our national oil corporation, PETRONAS. Besides opening a new horizon for revenue and profit generation, it places us on a firm foundation to explore new opportunities within the entire value chain of our industry, both in Malaysia and beyond.

For the financial year ended 31 January 2011, the Group continued to see significant growth and strengthening of its business within core market segments of the oil and gas industry. We registered a record profit after tax and minority interest of RM231 million, 34% higher than the RM172 million recorded in the previous financial year. Operationally, the Group's order book stood at a healthy RM8.5 billion.

It is against this backdrop that I, on behalf of the Board of Directors, am pleased to present this Annual Report and the Financial Statements of the Group for the financial year ended (FY) 31 January 2011.

CHAIRMAN'S STATEMENT (cont'd.)

FINANCIAL PERFORMANCE

The oil and gas industry is in an operating environment characterised by volatile crude oil prices. Despite this, it is apparent that the world economy continues to grow and along with it, global oil demand. In the face of threats to traditional sources of supply, prices continue to rise, giving incentive to explorers and producers to step up activities. Brent oil prices started the financial year 2010 at USD77.93 a barrel and ended at USD93.81 a barrel, a marked increase of approximately 20% compared with a year ago.

Despite the volatility in oil prices, the Group's Installation of Pipelines and Facilities (IPF) and Drilling Divisions remained relatively unaffected during the year under review due to the long-term nature of most of our contracts. The Marine Services Division on the other hand was affected by reduced demand, compounded by higher supply due to the introduction of newer vessels into the market. Nonetheless, the Group's underlying fundamentals remained strong and as such, we were able to turn in a record financial performance for FY 2011.

For the year under review, the Group's profit before tax (PBT) stood at RM415 million on the back of a revenue of RM3.2 billion. This represented a 14% improvement in PBT compared with RM364 million registered in the previous financial year. The Group's overseas operations accounted for approximately 15% of the consolidated revenue during the financial year under review.

As in previous years, the IPF Division was the main contributor to the Group, generating RM1.9 billion during the year under review, an increase of 11% from that of FY 2010. This brought the segment's contribution to 60% of total revenue for the Group. The Drilling Division with a revenue contribution of RM805 million accounted for 25%, while the Marine Services and Operations and Maintenance Divisions contributed 12% and 3% respectively.

DIVIDENDS

Staying true to the Group's commitment towards attaining a balance between long-term capital growth and providing good returns to shareholders and taking into account our positive performance this year, the Board is recommending a single-tier final dividend of 5.5 sen per share for the financial year ended 31 January 2011, subject to the approval of shareholders at the forthcoming Annual General Meeting.

If approved, the total dividend paid for the financial year under review including the interim dividend of 3 sen per share paid on 15 December 2010, would amount to 8.5 sen per share as compared to last year's payout of 7 sen per share. I am proud to mention that this signifies three consecutive years of improved dividend payments.

The Group's record financial results during the year under review were due to our excellent performance on the operational front. A great deal of effort and hard work has come to fruition during the past year and this was reflected not only in projects successfully completed, but also in the number of contracts secured in the highly competitive oil and gas environment.

CORPORATE DEVELOPMENTS

In keeping with the Group's vision to be a leading provider of integrated oil and gas services in the region, the Group's wholly-owned subsidiary, SapuraCrest Ventures Sdn Bhd entered into a joint venture (JV) Agreement with Al Rayan Investment LLC (ARI) in 2010 to set up a JV company in Qatar to identify, pursue and undertake opportunities in the oil rich state.

Nearer to home, we entered into an agreement with PetroVietnam Technical Services Corporation (PTSC) in October 2010 that will see us jointly developing and providing services for projects related to oil and gas joint ventures in Vietnam, including underwater survey and soil investigation as well as installation and construction of marine structures.

In line with the Group's strategic business expansion plans in the oil and gas industry, the year under review also saw the Group securing a RM750 million Islamic financing facility which will be utilised to fund our future expansion plans.

REVIEW OF OPERATIONS

The Group's record financial results during the year under review were due to our excellent performance on the operational front. A great deal of effort and hard work has come to fruition during the past year and this was reflected not only in projects successfully completed, but also in the number of contracts secured in the highly competitive oil and gas environment.

Installation of Pipelines and Facilities (IPF)

On the home front, our biggest ongoing Pan Malaysian Integrated Transportation and Installation contract saw us completing the first year of the 3 plus 2 years joint contract awarded by 11 of PETRONAS' Production Sharing Contractors (PSCs) for the provision of works and services related to transportation and installation of offshore oil and gas facilities and structures.

We are proud of our significant presence and success in Malaysia's oil and gas sector both in the shallow and deep water areas. A big part of our income for the financial year under review came from ongoing contracts for the deepwater offshore installation works at the Gumusut-Kakap field which is operated by Sabah Shell Petroleum Company Limited. This deepwater development project is the Group's second after the Kikeh development project. A major portion of this project was performed using our flagship vessel, the Sapura 3000.

Another significant achievement during the year was the completion of the RM181 million Iwaki Platform Decommissioning Project offshore Japan that also utilised the Sapura 3000. This is the heaviest decommissioning project executed by us with total facilities removed in excess of 20,000 metric tonnes. It should be acknowledged that SapuraCrest is now part of a select group of service providers with the knowledge and experience to undertake such works. Prospects for contracts of this nature are growing as existing platforms age. The successful completion of this project and the experience gained in this highly specialised area will certainly give us a further edge over our competition in the future.

In March of this year, the Sapura 3000's already impressive track record was further enhanced by the completion of the RM512 million Devil Creek Development Project awarded by Apache Energy Ltd for the transportation and installation of offshore facilities in Australia. The Sapura 3000 will be visiting Australian waters again to commence works pursuant to the award of PTTEP Australasia (Ashmore Cartier) Pty Ltd contract worth RM482 million for the provision of offshore transportation and construction activities for its Montara Development Project. This contract is expected to contribute positively to the earnings of the Group in FY 2012.

Besides Australia, the IPF Division has also expanded its activities to India by jointly undertaking the Mumbai High North Field project with our partner, Larsen & Toubro Ltd (L&T). This project, which is expected to be completed in the second quarter of 2011, utilises the newbuild LTS 3000.

Our expansion in the international market received a further boost when we were awarded a RM95 million contract by PC Myanmar (Hong Kong) Limited (PCML), a subsidiary of PETRONAS, in January 2011 for the provision of transportation and installation of offshore facilities for PCML's Yetagun Phase Four development in the Andaman Sea. Although this arrangement makes up a small percentage of SapuraCrest's order book, it marks the Group's entrance into Myanmar's installation of pipelines and facilities segment, a growing new market.

Offshore Oil and Gas Drilling (Drilling)

The Group continues to be a leader in Malaysia's offshore oil and gas drilling business, with five rigs under our wing. All five of the Drilling Division's self-erecting tender assisted rigs are currently contracted throughout the year.

Long-term contracts in our home base which were undertaken during the year include the T-9 being contracted to ExxonMobil Exploration and Production Malaysia Incorporated. This longstanding contract has been with us since January 2001 and was further extended in 2009 until January 2012. The Teknik Berkat, which was engaged by Petronas Carigali Sdn Bhd for their development drilling programmes will continue to work until the end of April 2012.

On the international front, another long-term contract with PTT Exploration and Production Public Company of Thailand to undertake an offshore development drilling saw the T-3 being contracted until June 2012. This was further cemented with the renewal of the T-6 contract with Carigali Hess Operating Company Sdn Bhd and Carigali PTTEPI Operating Company Sdn Bhd for a period of 28 months commencing from December 2010. In January 2011, the T-10 was contracted to Seadrill UK Limited for a duration of 24 months where it will be utilised for offshore drilling activities in Thailand for Chevron Thailand Exploration and Production Limited.

In view of the strong demand for our rigs, the Drilling Division is expected to continuously deliver stable revenue and profit from its current long-term contracts.

CHAIRMAN'S STATEMENT (cont'd.)

Marine Services

The Marine Services Division provides an array of services which include soil investigation and offshore survey services, hook-up and commissioning and maintenance of offshore platforms as well as the provision of underwater inspection and construction services.

The Division boasts four dedicated vessels equipped to conduct geotechnical and geophysical services. We also have a number of multi-purpose offshore support vessels, workboats and accommodation work barges for offshore and subsea operations which are supported by an increasing number of saturated and air diving systems as well as a fleet of Remote Operated Vehicles (ROV).

During the year under review, the Division successfully completed a number of projects in Malaysia and other countries including Thailand, Vietnam, Indonesia, Australia, Madagascar and Myanmar.

On the local front, the Division completed the ExxonMobil Exploration and Production Malaysia Inc. project worth RM186.4 million for topside maintenance and painting during the year and is currently executing a contract for Sarawak Shell Berhad and Sabah Shell Petroleum Company with an estimated contract value of RM800 million. This contract involves the provision of hook-up, commissioning and major maintenance services for four years with an option to extend for another year.

The Division's record on the international front is also noteworthy. During the year, the Division carried out a RM9.3 million contract with Niko Resources Ltd for the undertaking of geophysical surveys offshore Madagascar. Other notable contracts completed abroad include the contract for diving services with Emas Energy Services (Thailand) Ltd located offshore Thailand. In Australia, the Division has managed to secure several contracts amounting to approximately RM151 million mainly for the provision of ROV services which include long-term contracts with notable clients such as Chevron Australia Pty Ltd and ConocoPhillips Australia Pty Ltd.

Despite the challenging market environment, the Division managed to improve its performance with a significant reduction in losses compared to the previous financial year. It is expected to further improve its results in FY 2012.

Operations and Maintenance (O&M)

The O&M Division is an important source of recurring income for the Group. The core of the Division comprises Sapura Power Services Sdn Bhd (SPS), Malaysian Advanced Refurbishment Services Sdn Bhd (MARS) and Sapura Retail Solutions Sdn Bhd (SRS). SPS has stamped its presence in the market as a provider of gas turbine services and has secured long-term contracts with Petronas Penapisan (Melaka) and Malaysia LNG Sdn Bhd for the provision of maintenance services for General Electric gas turbines. Meanwhile, MARS is positioning itself as a regional centre for the repair and refurbishment of gas turbines and its components while SRS supplies retail automation system and IT services for more than 900 Petronas Dagangan service stations.

Under the agreement with GE Oil & Gas, we were able to use the most advanced service and repair technologies to maintain, repair and refurbish heavy industrial gas turbines and their components. This agreement showcases our commitment to provide excellent service to our customers. Working with a world-class and reputable entity such as GE Oil & Gas enables us to widen our horizon and at the same time enhance our competencies.

The year under review also saw the Group exploring strategic cooperation with clients in Indonesia and Philippines in order to expand our overseas contracts as well as to widen our presence in the international market.

HEALTH, SAFETY, SECURITY & THE ENVIRONMENT

Health, Safety, Security and the Environment continues to be the focus in our daily operations. Recognising that safe practices and a high regard for the environment are integral to our continued success, we take every effort to ensure that excellent Health, Safety, Security and the Environment (HSSE) practices are inculcated among our employees and contractors and that the safety of our people, customers and the communities within which we operate is continuously upheld.

The year under review saw us introducing the following new initiatives at Group level:

- **Process and Procedures Enhancement**
  The implementation of the Management of Change and Consequence Management programmes to improve operational excellence.

- **Establishment of HSSE Counselling Unit**
  The establishment of a HSSE Counselling Unit to improve communication and to provide a more personal guidance to frontline staff who are exposed to higher risk in their daily activities.

- **Establishment of CEO HSSE Suggestion and Communication Box & E-mail**
  Confidential suggestions boxes are placed at various site and office locations to enable all staff especially frontline crew to provide feedback on HSSE performance and issues. A dedicated CEO email address has also been established to ensure that staff can communicate directly with the CEO so that HSSE issues can be addressed promptly.

- **Marine Contractors HSSE Management Workshop**
  Special workshops were conducted with senior management of marine subcontractors during the year under review as part of our efforts to improve our subcontractors' HSSE performance.

The Total Recordable Case Frequency (TRCF) results achieved by the Group during the year under review are well within industry safety aspirations and bear testimony to the Group's effort in prioritising HSSE requirements. The overall TRCF for the Group in FY 2011 has improved to 1.06 for about 16 million manhours worked compared to 1.22 TRCF with 14 million manhours worked recorded in FY 2010.

The Group's commitment to HSSE excellence has not gone unnoticed by the industry and in this respect, we have earned many awards throughout the years. This year was no exception as our wholly owned subsidiary, TL Offshore Sdn Bhd received the PCSB Development Division Contractors HSSE Award 2010/2011. Our Drilling Division also won the Bronze Award for 2010/2011 from Petronas Carigali for HSSE Excellence.

We foresee the need for new initiatives and measures in the future as we embark on our new projects and explore new frontiers. Towards this objective, we intend to introduce new initiatives that include amongst others, HSSE Video, Enhancement of HSSE Verification Process and Control, Environmental Awareness Programme, Health Talk and Hazard Hunt for Offices.

Our HSSE Statement can be found on pages 22 and 23 of the Annual Report.

HUMAN RESOURCE STRATEGY

Our commitment in selecting, recruiting, developing, rewarding and retaining the highest quality workforce is unwavering. This commitment is encapsulated in the Group Human Resource (HR) Mission Statement, which highlights the Group's focus on three key result areas: talent supply, positioning SapuraCrest as an employer of choice and enhancing workforce competitiveness.

Recognising the shortage of skilled and experienced manpower in the oil and gas industry worldwide, the Group continues its strategy of diversifying its talent supply sources. Concerted efforts have been made to establish strategic relationships with local as well as foreign universities, government agencies and PETRONAS whereby fresh graduates with excellent potential are selected and hired as engineering and management associates.

The Group appreciates the importance of succession planning in order to groom employees to fill key leadership roles. Employees who demonstrate potential for development are identified and given leadership and management training in order to prepare them for the increased challenges of higher management. With the plan in place, we have established a foundation for talent building, which we believe would ensure continuity of our success.

In addition, the Group also maintains its dual talent strategy of building and acquiring talent by working in close cooperation with our partners. During the year, our staff members were sent on attachment to Subsea7 and L&T to engage in learning and training programmes in order to enhance their technical skills and proficiency. Concurrent with this, we continue to bring in specialists and technical experts to build up the technical efficiency of our talent pool.

With the Berantai Project award, we expect to empower the potential of our human capital by broadening their technical expertise and knowledge on the job. This has prompted us to revise the management structure of the Group with a view towards achieving optimal organisational effectiveness. Under the revised structure, the Group has been divided into two separate divisions, Oil & Gas Construction Services and Energy Ventures & Operations. This new structure is illustrated on page 40 of the Annual Report.

In our effort to enhance workforce competitiveness, we undertake regular reviews of our reward system to ensure that we remain attractive and competitive. The principle of performance-based rewards continue to successfully increase staff motivation as they pursue excellence in their respective job portfolios.

These initiatives are all part of our overall strategy to grow, retain and reward performers within the Group, so as to ensure business continuity and to support the Group's growth. The overall framework has been put in place to promote a more rigorous performance and leadership process through mentoring, coaching and support by leaders.

EMPOWERING POTENTIAL

In pursuit of success, we continue to empower the potential of our talents, assets, technology and resources to always be at the forefront of the oil and gas industry.

With this in mind, I commend the contribution of our committed and professional workforce in delivering another year of outstanding results. Their admirable track record in completing works on time and within specifications has endeared the Company as the service provider of choice for many of our clients, including multinational corporations such as Shell and ExxonMobil. Moving forward, the Berantai Project will open a new chapter in the development of our human capital as we rise to the challenge of attaining valuable knowledge and experience in the area of oil field development. In this regard, we will continue to invest in our employees and to empower their potential by growing their knowledge base and experience in line with the growth of the Company.

On another note, the assets and technology that we have at our disposal have also prompted multinational companies operating in Malaysia to invite us to bid for their international projects. We are encouraged by this and have continued to build on our asset base during the year. To complement the Sapura 3000, the year under review saw us taking delivery of two newbuild work barges. The first is the heavy lift cum pipelay vessel, LTS 3000, jointly owned with L&T and the other, the QP 2000, a medium lift cum pipelay vessel jointly owned with Quippo Prakash. Other notable assets added to our growing list during the year were the new geotechnical vessel, Teknik Wira and two new ROVs, the Typhoon and Triton XLX. By empowering the potential of these assets, new avenues are open for us to expand our operations internationally as we offer a wider range of solutions that of international standards.

OUTLOOK AND OPPORTUNITIES

The outlook for the global upstream petroleum industry remains bright. We are seeing encouraging signs of continuing economic growth. According to reports by Bank Negara Malaysia, the global economy is recovering and the Malaysian economy is forecasted to expand by 5 to 6% in 2011. Supported by expectations of economic recovery and higher oil demand, analysts have projected that oil futures will remain bullish. PETRONAS, the national petroleum corporation has budgeted RM40 billion for capital expenditure in 2011 to be utilised for exploration and production activities.

Despite Malaysia being considered by some to be a matured oil and gas producing region, there remains potentially lucrative opportunities to be tapped. Sustainable development of the energy sector, including the nation's oil and gas resources, is one of the thrust of the Economic Transformation Plan (ETP). A high level of upstream petroleum activities is required to meet Malaysia's demand for oil and gas. It is forecasted that by 2015, Malaysia will account for 1.78% of Asia Pacific's regional oil demand, providing 8.80% of supply, while its share of gas consumption is expected to be 5.56%. In line with this expectation, PETRONAS is seen focusing on development of marginal fields and the enhanced oil recovery for existing fields. Consequently, one of our most significant wins for the year was the RSC worth RM2.4 billion by PETRONAS in January 2011. This contract will see Sapura Energy Ventures, a subsidiary of SapuraCrest working together with Kencana Energy Sdn Bhd and PetroFac Energy Development Sdn Bhd as the operating parties jointly responsible for providing a field development plan and securing the funding to extract petroleum resources from the Berantai marginal oil field, 150 km offshore Terengganu. The RSC will run for a duration of approximately nine years.

The RSC is a clear step change for us as we move up the oil and gas value chain from service provider to development and production operator. The 12 month fast-track initiative phase of the project allows us to explore and apply cutting edge technology while positioning ourselves as a reliable and reputable local entity. In addition, we also see it as a stepping stone to venture into the development of marginal oil fields in other areas, including overseas.

Similarly, SapuraCrest's ability to undertake the Iwaki Project, one of the largest platform decommissioning projects in Japan to date is indeed a confirmation of the Group's competency by a global player and highlights Malaysia's ability to provide world-class services in the oil and gas sector. The successful completion of this contract should augur well for us and we expect to secure more decommissioning jobs as a result of the experience and knowledge that we have attained in this area.

The Group's fundamentals are sound as reflected by its healthy balance sheet. Our healthy cash position with a net cash level of RM768 million bodes well for us as we embark on a new and expansionary phase of growth. To this end, we expect to spend approximately RM2.7 billion within the next couple of years.

The Group currently has RM8.5 billion worth of contracts in hand that will last the next two to three years. In order to increase the order book and to strengthen and establish the Group's presence regionally and globally, we are involved in an ongoing process of establishing offices and legal entities in selected countries within the region.

Worldwide expenditure in the deepwater sector is expected to total USD167 billion between 2010 and 2014, signifying a 37% increase over the five years. Likewise, Asian deepwater markets are expected to continue to develop during the period, receiving around 10% of the total predicted global capital expenditure. We expect the growth in deepwater operations to present potential business opportunities for the Group to expand its operations, both in domestic and regional markets.

We are also looking to acquire more assets as we see increased job prospects especially in Malaysia, Indonesia, India and Australia. We are constantly monitoring the market closely to ensure our capacity expansion is in line with the market.

The Marine Services Division also sees activities picking up in the area of multibeam survey technologies as well as soil investigation. The demand in the drilling support market in Vietnam and Indonesia creates an opportunity for the Group to provide ROV services.

With strategic measures put in place to empower our potential in order to ensure future growth and profitability and the excellent prospects domestically and regionally, the Group is well positioned to seize opportunities in FY 2012.

ACKNOWLEDGEMENTS

The Group's success and accomplishments in the past year were made possible by our people. As a cohesive team, they have responded to the formidable challenge of raising the bar with greater professionalism, dedication and above all, plain hard work.

We are also fortunate in having a strong support group comprising our various stakeholders, clients, business associates, financiers, Government authorities and agencies. Our shareholders and customers, especially PETRONAS, deserve special mention for their continued support and trust that the Group can and will continue to deliver.

The Board saw some new faces with the inclusion of Datuk Kris Azman Abdullah and Ungku Suleiman Ungku Abdul Aziz who were appointed to the Board as Non-Executive Directors on 29 September 2010 and 1 April 2011 respectively. They bring with them an impressive track record and the Group looks forward to benefiting from their vast knowledge and experience. Their profiles can be found on page 36 of the Annual Report. With the new team members on board, I am confident that they will bring the Group to even greater heights.

We have a strong Board, equipped with the vision, knowledge and experience to provide the strong counsel and corporate oversight required to empower potential and to continue propelling the Group forward. Your Board, working together with our professional and committed staff, has established a strong foundation upon which we can expect to build our growth to the next level. I am confident that, God willing, we can achieve all that we set out to do. I look forward to your continued support as we move on to achieving greater success and robust growth.

DATO' HAMZAH BAKAR
Chairman

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4. *Bank Negara Malaysia 2010 Annual Report*
5. *Bank Negara Malaysia, Monetary Policy Statement, 27 January 2011*
6. *Live Oil Prices, Oil Price Forecast for 2011, 29 December 2010*
7. *Petronas to Invest RM250b Next 5 Years, The Edge Financial Daily, 3 March 2011*
8. *Economic Planning Unit, Tenth Malaysia Plan 2011 – 2015*
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HSSE STATEMENT

The Group recognises that excellent Health, Safety, Security & Environment (HSSE) practices form an integral part of our business goal as we endeavour to achieve sustained business success. As such, we remain steadfast in our efforts to adhere to HSSE best practices as a Group, in order to prevent risk of injury, occupational illness, breach of security and damage to property and the environment.

We have established and implemented a comprehensive HSSE Management System (HSSE-MS) across the Group. This system complies with the Oil & Gas Producers Association and OHSAS 18001 guidelines which essentially help us keep HSSE risks to a minimum. The HSSE-MS is continuously strengthened and updated based on our HSSE experiences, best practices and lessons learnt. At the heart of our HSSE-MS is the Group's HSSE policy that forms the pillar of our commitment to HSSE. Our SCPB HSSE policy centres on the commitment we necessitate from our employees, stakeholders, systems and processes.

We regularly carry out checks, improvement activities as well as conduct exercises and audit at our offices and offshore worksites to improve our HSSE performance standard. In the areas of environmental conservation and preservation, we have taken proactive steps to raise awareness among our employees. We believe these efforts are vital not only to safeguard our employees and to ensure the safety and well being of the community at large, but also to protect our assets, investment and stakeholder's interest.

In our daily operations, we place high emphasis on safety, strict compliance to our HSSE Standards and have a Consequence Management programme in place to address, monitor, manage and minimise risk at the work place.

The Group HSSE Steering Committee sets and oversees all HSSE policies and performance principles and provides guidance to the business units on HSSE related issues. The committee reviews the Group's HSSE performance and is responsible for establishing goals and targets in line with its policies.

HSSE knowledge management and communication is also an integral part of our HSSE best practices. Sharing of lessons learnt from both internal as well as external experiences across the Group is a key HSSE initiative. Other significant initiatives which facilitate the sharing of HSSE knowledge include Management Site Visits, planned periodic HSSE engagement sessions and our HSSE programmes. Recently, the Group embarked on another HSSE initiative by engaging HSSE counsellors to provide personal guidance on HSSE issues to frontline staff. This initiative has proven effective in addressing key HSSE issues and will be further improved over time. In line with the Group's commitment to HSSE, the CEO Suggestion Box was also launched at all worksites to enable employees to communicate HSSE issues directly to the CEO.

We will continue to be guided by our goals to achieve excellent HSSE performance standard wherever we operate and remain proactive and committed in ensuring our HSSE achievements remain among the best in the industry.


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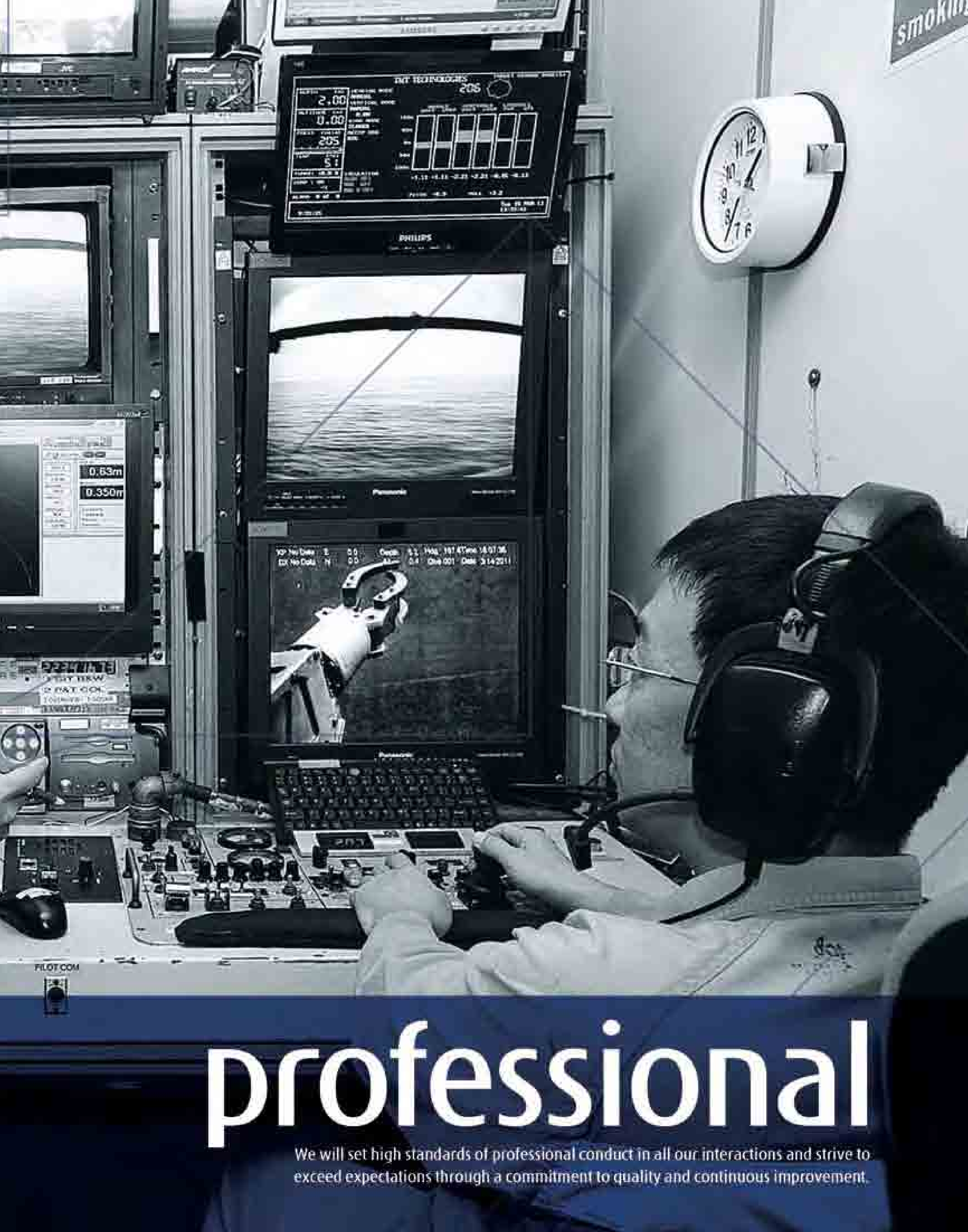


professional

We will set high standards of professional conduct in all our interactions and strive to exceed expectations through a commitment to quality and continuous improvement.

BOARD OF DIRECTORS

From left to right:

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

DATO' HAMZAH BAKAR
Non-Independent Non-Executive Chairman

DATUK SHAHRIL SHAMSUDDIN
Executive Vice-Chairman & President

GEE SIEW YOONG
Independent Non-Executive Director

DATO' FAUZIAH DATO' ISMAIL
Independent Non-Executive Director

MOHAMED RASHDI MOHAMED GHAZALLI
Independent Non-Executive Director

From left to right:

TAN SRI IBRAHIM MENUDIN
Independent Non-Executive Director

UNGKU SULEIMAN UNGKU ABDUL AZIZ
Non-Independent Non-Executive Director

DATUK KRIS AZMAN ABDULLAH
Non-Independent Non-Executive Director

SYED HASAN SAIFUD-DEEN ABDUL-BASSEER ALSAGOFF
Alternate Director to Datuk Shahril Shamsuddin and Shahriman Shamsuddin

SHAHRIMAN SHAMSUDDIN
Non-Independent Non-Executive Director

DIRECTORS' PROFILE

DATO' HAMZAH BAKAR
(Non-Independent Non-Executive Chairman)

Dato' Hamzah Bakar, aged 67, 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 and Remuneration 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 and CIMB Investment Bank Berhad.

DATUK SHAHRIL SHAMSUDDIN
(Executive Vice-Chairman & President)

Datuk Shahril Shamsuddin, aged 50, a Malaysian, is the President and Chief Executive Officer of the Sapura Group which is involved in the oil & gas services, secured communications technologies, property development and management, industrial and automotive component manufacturing, and education.

Datuk Shahril joined the Sapura Group in 1985 and since then has taken on a number of senior positions within the Group, taking over the reign as President and CEO in 1997. He steered the Sapura Group during its restructuring of the businesses portfolio and its financials, where he made several key decisions that involved the acquisition of companies and technologies. He also headed the strategic disposal of some assets and businesses in line with the Group's strategy for business growth.

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

Appointments held by Datuk Shahril at present include Executive Vice-Chairman & President 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.

In addition to his positions within the Sapura Group, Datuk Shahril is also a member of the Board of Trustees of the Perdana Leadership Foundation.

An innovator at heart with keen business acumen in assessing the commercial potential of technologies, the entrepreneurial Datuk Shahril is committed to bringing Sapura to greater technological heights through local capability building. This did not go unnoticed by corporate Malaysia given his accolade as Malaysia's Ernst & Young Entrepreneur Of The Year for 2009.

Among the honours that Datuk Shahril has been conferred with 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 received 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.

DIRECTORS' PROFILE (cont'd.)

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

Tan Sri Datuk Amar (Dr.) Hamid Bugo, aged 65, 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 Berhad, Sarawak Consolidated Industries Bhd., Permodalan Sarawak Berhad, Zecon Berhad, Sime Darby Berhad and X-Fab Silicon Foundries NV. 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 the Malaysian Anti Corruption Commission Advisory Committee.

MOHAMED RASHDI MOHAMED GHAZALLI
(Independent Non-Executive Director)

Encik Mohamed Rashdi Mohamed Ghazalli, aged 54, 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 and was seconded to the UK firm for over a year. 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 from 2006 to 2010 was Advisor for IT and Consulting Services with PricewaterhouseCoopers Malaysia. He now acts as a management and IT Consultant for a number of organisations. As a professional, 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.


the entire value chain...
to the petrol station

DIRECTORS' PROFILE (cont'd.)

DATO' FAUZIAH DATO' ISMAIL
(Independent Non-Executive Director)

Dato' Fauziah Dato' Ismail, aged 68, 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 Committee.

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 61, 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.

DIRECTORS' PROFILE (cont'd.)

TAN SRI IBRAHIM MENUDIN
(Independent Non-Executive Director)

Tan Sri Ibrahim Menudin, aged 63, 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 (MMC) from March 1986 to 31 October 2001. He was also the Chairman of Malaysia Smelting Corporation Berhad from October 1985 to October 2001. He was the Special Advisor to the Chief Minister of Sabah from February 2002 until March 2004.

Tan Sri Ibrahim was appointed as the Chairman of Borneo Conservation Trust (BCT) since 30 November 2009.

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

SHAHRIMAN SHAMSUDDIN
(Non-Independent Non-Executive Director)

Encik Shahriman Shamsuddin, aged 42, a Malaysian, was appointed to the Board of SapuraCrest on 1 August 2008.

He began his career with Sapura Group in 1991, holding a number of key senior positions within the Group. At present, his diverse portfolio within the Group includes his leadership roles in education and property development & management.

Encik Shahriman currently holds the position of Managing Director of Sapura Resources Berhad, Executive Director of Sapura Industrial Berhad, and Director of Sapura Technology Berhad as well as Sapura Holdings Sdn Bhd.

He graduated from Warwick University with a Master of Science in Engineering Business Management and a Bachelor of Science in Industrial Technology from Purdue University, USA.

UNGKU SULEIMAN UNGKU ABDUL AZIZ
(Non-Independent Non-Executive Director)

YM Ungku Suleiman Ungku Abdul Aziz, aged 67, a Malaysian, was appointed to the Board of SapuraCrest on 1 April 2011.

YM Ungku graduated from South Bank Polytechnic of London with a Higher National Diploma in Electrical Engineering.

YM Ungku has been involved in the offshore oil and gas industry for more than 30 years, most of which was spent with Petronas where he began his career in 1977. During his tenure there, YM Ungku was involved in the processing, marketing and trading of crude oil. He was also responsible for establishing the Petronas Carigali Tenders and Contracts Department and the PCSB Procurement Procedures which constituted the basis of Petronas's tenders and contracts procedures. During the rig shortages of 1981, he was tasked with the construction of the Petronas jack-up Drilling rig, "Parameswara" which was commissioned in 1983 and spent ten years with the operation and management of the rig, including the setting up of a drillling school, primarily for the Malaysian crews of the rig. Whilst involved in the organisation of a new Petronas marine consultancy company, formed in 1994, YM Ungku was assigned to Sudan in 1997 to set up the Logistics Department of Greater Nile Petroleum Operating Company (GNPOC) for the PCSB JV exploration and production activities in their operations block in the south of the country. Upon returning from Sudan, he rejoined PCSB in 2000 and retired from Petronas at the end of September 2001.

From 2001 to 2004, YM Ungku was with Nippon Oil as its Procurement Manager for their Helang Project production drilling activities. YM Ungku is now an advisor to the Group.

Currently, Ungku Suleiman does not hold any directorship in other public companies.

DATUK KRIS AZMAN ABDULLAH
(Non-Independent Non-Executive Director)

Datuk Kris Azman Abdullah, aged 47, a Malaysian, was appointed to the Board of SapuraCrest on 29 September 2010.

Datuk Kris graduated with a Bachelor of Arts in Accounting (Hons) from Michigan State University, USA. He currently holds a CF designation of Institute of Chartered Accountants in England and Wales (ICAEW).

Prior to joining the Sapura Group, Datuk Kris was the Executive Director, Issues and Investment Division at Securities Commission of Malaysia (SC). At the SC, he was involved in evaluating various corporate proposals/exercises of public companies. He was also a part of the team responsible for introducing numerous policy changes that saw improved and transparent decision making processes, increased M&A activities in the market as well as the listing of several foreign companies.

Prior to his tenure with the SC, Datuk Kris was General Manager of Pengurusan Danaharta Nasional Berhad where he was responsible for overseeing the Division that was involved in formulating debt restructuring schemes of non performing loans.

Currently, Datuk Kris does not hold any directorship in other public companies.

DIRECTORS' PROFILE (cont'd.)

SYED HASAN SAIFUD-DEEN ABDUL-BASSEER ALSAGOFF

(Alternate Director to Datuk Shahril Shamsuddin and Shahriman Shamsuddin)

Tuan Syed Hasan Alsagoff, aged 57, a Singaporean, was appointed as the alternate director to Datuk Shahril Shamsuddin and Encik Shahriman Shamsuddin on 29 September 2010.

Tuan Syed Hasan is a Fellow Member of The Institute of Chartered Accountants in England & Wales and Institute of Certified Public Accountants of Singapore. He is also a Member of the Malaysian Institute of Accountants.

Tuan Syed Hasan was trained as a professional accountant where he commenced his career in 1976 with a professional audit firm in London and upon qualification in 1980, joined Coopers & Lybrand in Singapore. In 1982, he joined the Harapan Group of Companies as its Audit Manager in Singapore and Indonesia and was responsible for establishing the group's Internal Audit Department.

From 1984 to 1994, Tuan Syed Hasan was the Finance and Administration Manager with Dairy Farm (Brunei) Sdn Bhd in Brunei and was a board member of their joint venture companies Golden Archers (B) Sdn Bhd and RSH Sports (B) Sdn Bhd before moving to Singapore in 1995 to join Carrera Optic (Singapore) Pte. Ltd.

Thereafter, Tuan Syed Hasan joined the Kampong Yan group of companies as Vice President for Finance and Corporate Affairs. He joined Scomi Group in 2002 as Senior Vice President and was involved in the successful listing of the Company on the Main Board of Bursa Malaysia.

In 2004, Tuan Syed Hasan took up the appointment as Chief Executive Officer of a company in Dubai and was successful in restructuring the company and turning it around as a profitable concern which resulted in the acquisition of the company by a large corporation. Since the acquisition in 2007, he provides Management Consultancy to corporate organisations in Dubai & Saudi Arabia.

Currently, Tuan Syed Hasan does not hold any directorship in other public companies.

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 20 May 2011 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.

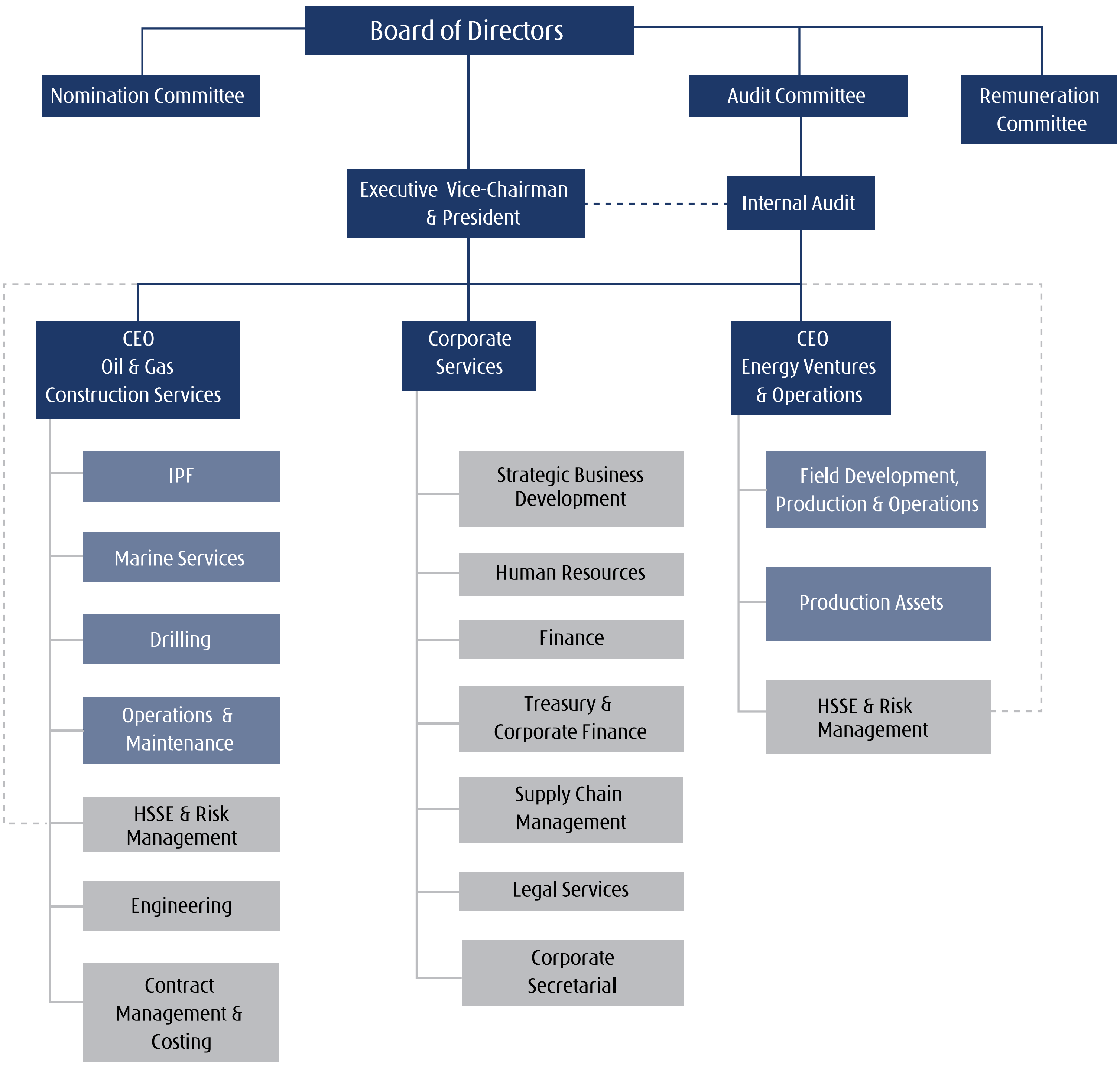
3. **Convictions for offences**

   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 2011 can be found on page 57 of this Annual Report.

MANAGEMENT STRUCTURE



The management structure is designed to achieve value creation and organisational effectiveness particularly projects delivery under direct stewardship of the Executive Vice-Chairman & President. It is further enhanced with clearly defined operating structure and streamlined corporate management functions.

DATUK SHAHRIL SHAMSUDDIN
Executive Vice-Chairman & President

Profile as per page 28.

ROHAIZAD DARUS
Chief Executive Officer,
Oil and Gas Construction Services

Encik Rohaizad Darus, aged 46, a Malaysian, was appointed as the Chief Executive Officer, Oil and Gas Construction Services of SapuraCrest on 18 May 2011.

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

Encik Rohaizad has been involved in the oil and gas industry for the past 23 years, beginning his career with Petronas Gas and thereafter with Esso Production Malaysia Inc. Encik Rohaizad has been with the Sapura Group for the past 10 years and was the Company's Chief Operating Officer from mid 2008. He was also the Chief Executive Officer of SapuraCrest from February 2010 before assuming his present position.

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 2011.

REZA ABDUL RAHIM
Chief Executive Officer,
Energy Ventures and Operations

Encik Reza Abdul Rahim, aged 35, a Malaysian, was appointed as the Chief Executive Officer of Sapura Energy Ventures Sdn Bhd, a wholly-owned subsidiary of SapuraCrest, on 1 May 2011.

Encik Reza holds a Bachelor of Science in Accounting & Finance (First Class Honours) from London School of Economics and Political Science and a MPhil in Finance from University of Cambridge. Encik Reza is also a member of the Institute of Chartered Accountants in England & Wales and the Malaysian Institute of Accountants.

Encik Reza has 12 years experience in audit, financial management and corporate finance. Previously, he was Head of Group Corporate Finance at Axiata Group Berhad and prior to that he was the Chief Financial Officer of Sapura Holdings Sdn Bhd. Currently, Encik Reza is also the Group Chief Operating Officer of the Sapura Group of Companies.

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

Encik Reza 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 Reza does not have any interest in the securities of the Company and/or its subsidiaries for the financial year ended 31 January 2011.

MANAGEMENT TEAM

From left to right:

Kevin Khoo
Director, Sarku

Vivek Arora
Chief Operating Officer, International

Azlan Shairi Asidin
Director, Strategic Business Development

Tom Pado
Director, Total Marine Technology

Zulkifli Abd Rani
Chief Operating Officer, Domestic

Mohamad Mohar Ibrahim
Director, Group Human Resources

Dr. Zain Azri Mohd Razali
Chief Operating Officer, Sapura Energy Ventures

Aliza Ashari
Chief Financial Officer/Company Secretary

Chow Mei Mei
Director, Treasury & Corporate Finance

Md Yusoff Mohamad Noor
Deputy Chief Operating Officer/PMO

From left to right:

Richard Leetham
Chief Executive Officer, SapuraAcergy

Shahrul Faiz Mohd Aziz
Acting Director, TLO

Syed Nasimudin Syed Osman
Head of Engineering

Ahmad Sharifuddin Abdul Kadir
Director, HSSE & Risk Management

Mohamad Zahimi Osman
Director, CAT 3 and UWS

Rose Mat
Director, Sapura Energy, SRS & CME

Mohamed Farook Nasar
Deputy Head, Internal Audit

Mohamad Basri Sulaiman
General Manager, Tioman Drilling Company

Ahmad Daman Huri Kamaruddin
Director, TL Geosciences

Zalina Abd. Malik
Senior General Manager,
Contract Management & Costing

We will be 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.

resourceful

CORPORATE CALENDAR

6 to 8 June 2010

Participation in the 15th Annual Asia Oil & Gas Conference.

24 June 2010

Announcement of unaudited 1st Quarter Financial Results for financial year ended 31 January 2011.

6 July 2010

Convening of the Company's 31st Annual General Meeting.

1 September 2010

The award of a contract by Carigali Hess Operating Company Sdn Bhd and Carigali PTTEPI Operating Company Sdn Bhd for the deployment to and utilisation of the drilling rig known as " T-6". The value of the contract is approximately USD85 million.

The award of a bareboat charter from Seadrill UK Limited for the bareboat charter of "T-10". The value of the bareboat charter is approximately USD49 million.

29 September 2010

Announcement of unaudited 2nd Quarter Financial Results for financial year ended 31 January 2011.

Declaration of a single-tier interim dividend of 3.0 sen per share for the financial year ended 31 January 2011.

30 October 2010

Signing of a Cooperation Agreement between SapuraCrest Petroleum Berhad and Petrovietnam Technical Services Corporation (PTSC).

9 & 10 November 2010

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

Signing Ceremony between SapuraCrest and PTSC – 30 October 2010

30 November 2010

The award of a contract from PTTEP Australasia (Ashmore Cartier) Pty Ltd (PTTEP) for the provision of offshore transportation and construction activities for PTTEP's Montara Development Project in Australia. The value of the contract is approximately USD160 million.

10 December 2010

Announcement of unaudited 3rd Quarter Financial Results for financial year ended 31 January 2011.

26 January 2011

The award of a contract from PC Myanmar (Hong Kong) Limited for the provision of transportation and installation of offshore facilities for Yetagun Phase 4 Development. The value of the contract is approximately USD31.5 million.

31 January 2011

The award of a contract from Petronas for the development and production of petroleum resources from Berantai Field. Sapura Energy Ventures Sdn Bhd together with Kencana Energy Sdn Bhd and Petrofac Energy Developments Sdn Bhd (Parties) will jointly develop and produce petroleum resources from the Berantai field as provided in the Risk Services Contract entered into between the Parties and Petronas.

Signing Ceremony in relation to the award of the Risk Services Contract – 31 January 2011

28 March 2011

Announcement of unaudited 4th Quarter Financial Results for financial year ended 31 January 2011.

Announcement of a recommendation of a single-tier final dividend of 5.5 sen per ordinary share for the financial year ended 31 January 2011. The recommendation is subject to the approval of shareholders at SapuraCrest's 32nd Annual General Meeting.

4 April 2011

Convening of an Extraordinary General Meeting to approve the bareboat charter of the drilling rig "T-10" via a Rig Rental Agreement between Seadrill UK Limited and Crest Tender Rigs Pte Ltd.

Extraordinary General Meeting – 4 April 2011

> "Every individual has a unique potential – it is up to us at Sapura Group to empower them to go beyond expectations."

Since our establishment over 35 years ago, Sapura Group has always realised our duty to make a real difference to our stakeholders and the surrounding local communities. We have not forgotten our humble beginnings. Our commitment to the economic, environmental and social health of the communities we operate within is a fundamental component of our heritage, and we view this commitment as key to the sustainability of our business.

CORPORATE SOCIAL RESPONSIBILITY

In 2003, Yayasan Shamsuddin Abdul Kadir (YSAK) was established by Sapura Group's Chairman and Founder, YBhg Tan Sri Shamsuddin Abdul Kadir. It became a platform for us to roll out various corporate social responsibility (CSR) programmes.

This commitment was further strengthened in 2009 when Sapura Community was launched. With this social club set in motion, we are now able to execute even more CSR initiatives, all of which are aimed to establish trust and lasting connections with our surrounding communities as well as to approach CSR as a family unit. Being a family unit, we are cognisant of the need to look out for one another and support each other through good times and bad.

Today, as a homegrown entity with global reach, we are keen on expanding our CSR programmes to empower the potential of the communities we operate within both locally and internationally. Although our record for CSR is indeed substantial, we realise that there is always more that can be done.

We believe that we can best enrich lives whether at the workplace or the communities we operate within based on our three CSR pillars; Education, Sports Development as well as Community and Nation Building.

We are proud to note that lack of volunteers is something unheard of here as members of the Sapura family are always keen to participate in voluntary projects and outreach programmes. Sapura Community organised a blood donation drive in April 2010 at our headquarters and the event saw many Sapura employees and senior members of management joining in the spirit of giving.

Sapura Group is conscious of the importance of spiritual fulfilment, which is why, come *Ramadhan* each year, we organise many CSR programmes to reach out to our communities. With this in mind, we were one of the 34 active participants of the 'Sahabat Korporat Tabung Haji' programme during the year under review where we extended 100,000 prayer mats in support of the efforts made by Tabung Haji to alleviate and enhance the experience of Hajj pilgrims in Malaysia. This is the seventh consecutive year that Sapura Group has contributed to the programme and we plan to continue supporting Tabung Haji's efforts in the years to come.

The holy month of *Ramadhan* is the perfect time to forge new relationships and strengthen old ties. In line with this, we held an *iftar* gathering in August 2010 that saw approximately 600 Muslim and non-Muslim staff members alike gathered at our headquarters together with 80 orphans for an evening of fellowship. We also hosted an *iftar* function for the children of Pusat Penjagaan Nuri in Setapak. Apart from spending quality time with the underprivileged children, we also distributed *duit raya* and donated funds to facilitate the home's upgrading work as well as overall maintenance in order to provide the children with better quality of life. Additionally, the year under review saw us swinging into action when news of the fire that ravaged the store room and *surau* of Rumah Nurul Iman in Manjoi, Ipoh spread, taking it upon ourselves to sponsor the reconstruction of the affected portion of the premises.

CORPORATE SOCIAL RESPONSIBILITY (cont'd.)

Today, we at Sapura Group continue the journey to improve and nurture a more balanced Sapura Community. We believe in building a close-knit community amongst members of our workforce and foster strong ties with the public, particularly with the less privileged. As such, in the years to come, Sapura Group will endeavour to strive harder to serve our community while creating a conducive environment for the people whom we value – our Big Family.

Every year, we at Sapura Group organise a special *Umrah* trip during *Ramadhan* for selected members of the Sapura Community as a way to recognise their hard work and dedication to the Company. We are honoured to be able to fulfil this responsibility as a caring corporate citizen, especially to our own community. This year, 80 Sapura Group members were part of the pilgrimage to Mecca and Medina to join millions of other Muslims from all over the world.

Hari Raya Aidilfitri is always a time for fun and festivity at Sapura Group. The year under review saw us hosting a 'Hari Raya Open House' for staff and family members. The celebration was attended by almost 4,500 individuals and was an excellent opportunity for fellow Sapura Group citizens and their families to bond in order to strengthen the spirit of camaraderie within the Sapura family.

With the 'Ipoh Community Centre' as a flagship programme, special emphasis is placed on education as we understand the importance of empowering the potential of the younger generation in order to develop a nation that is globally competitive. On this premise, the Group is committed to enriching the academic environment of the country through focused initiatives. We are also mindful that the opportunity to pursue education in a conducive environment is something that can be out of reach for many underprivileged students. Thus, during the year under review, we provided orphans with computer facilities and tuition classes in order to assist them with their education.

Anugerah Cendekiawan 2010

Donation to the Tabung Kebajikan Angkatan Tentera Malaysia

Ipoh Community Centre

Family always comes first here in Sapura. On this note, and in line with our commitment to education, we are committed to supporting deserving Sapura Children, children of our employees, who have demonstrated commendable scholastic performance. Anugerah Cendekiawan 2010 saw 52 Sapura children who scored straight A's in the 2009 UPSR, PMR and SPM examinations being recognised and awarded for their achievements by the Group. We laud the children as well as their parents for their hard work and determination in obtaining such commendable results.

On the international front, Rumah Anak Yatim Sapura (RAYS) houses children who were orphaned by the 2004 tsunami tragedy that destroyed Aceh. We make it a point to visit RAYS regularly in order to establish closer contact with the teachers and orphans as well as to check on the progress of the home. Through RAYS, Sapura hopes to build and nurture a 'Knowledge & Excellence Community', comprising of knowledge-seeking individuals who practice compassion for humankind, tolerance for others, have strong faith in God and are highly passionate and committed to excellence in every aspect of their lives. As such, in the seven years that we have been involved in RAYS, we have made it a point to not only take care of the children's welfare. Each child is sent to school, with additional religious classes for them arranged in the afternoons and evenings. We are indeed proud of the fact that as of today, four children have been accepted into local universities in Indonesia.

Here at Sapura, we understand the importance of sports development in order to cultivate a healthy society. As such, Sapura Community organises many sporting events and recreational activities to foster camaraderie and instil a healthy competitive spirit within the Sapura family. This includes bowling, paintball, futsal and swimming classes for Sapura children.

Rumah Anak Yatim Sapura, Acheh

A highlight of our sporting activities was the first Mount Kinabalu expedition by the Sapura Community Expedition Team last year which is a reflection of the tenacious spirit of Sapura family members in weathering the most demanding of situations. The Group also participated in the TNB Malaysia Hockey League where the Sapura team came in second.

Sapura Group is also keen on the development and promotion of sporting events which contribute to the creation of a talent pool that is able to compete at regional and international levels. In the year 2010, the Group supported the development of hockey in Malaysia as one of the sponsors of the Sultan Azlan Shah Cup. We also participated as a sponsors in the CIMB Asia Pacific Classic 2010 held at the Mines Resort Golf and Country Club. It was the first PGA sanctioned tournament in Southeast Asia and brought together the best of breed in golf.

In appreciation of those who place the safety of our nation ahead of themselves, Sapura Group recognises the sacrifices made by the country's servicemen, for without them, the peace and prosperity enjoyed by all Malaysians will not be achieved. We remember our respected military men and women who are stationed away from home and are not able to spend time with their family and friends during joyous occasions such as *Hari Raya Aidilfitri*. For this reason, we contributed to the *Hari Raya Aidilfitri* preparations for all the men and women of Angkatan Tentera Malaysia (ATM) who work tirelessly and with much dedication during the *Raya* season.

In the same vein, the Group has always been a staunch supporter of our ATM veterans and we are indeed grateful for their invaluable service to the nation. We are committed to assisting them when they return to civilian life via financial assistance as well as providing assistance to aid them in seeking job opportunities. During the year under review, we supported the launch of 'Kempen Rayuan Hari Pahlawan 2010' by participating as one of the main contributors.

Today, we at Sapura Group continue the journey to improve and nurture a more balanced Sapura Community. We believe in building a close-knit community amongst members of our workforce and foster strong ties with the public, particularly with the less privileged. As such, in the years to come, Sapura Group will endeavour to strive harder to serve our community while creating a conducive environment for the people whom we value – our Big Family.

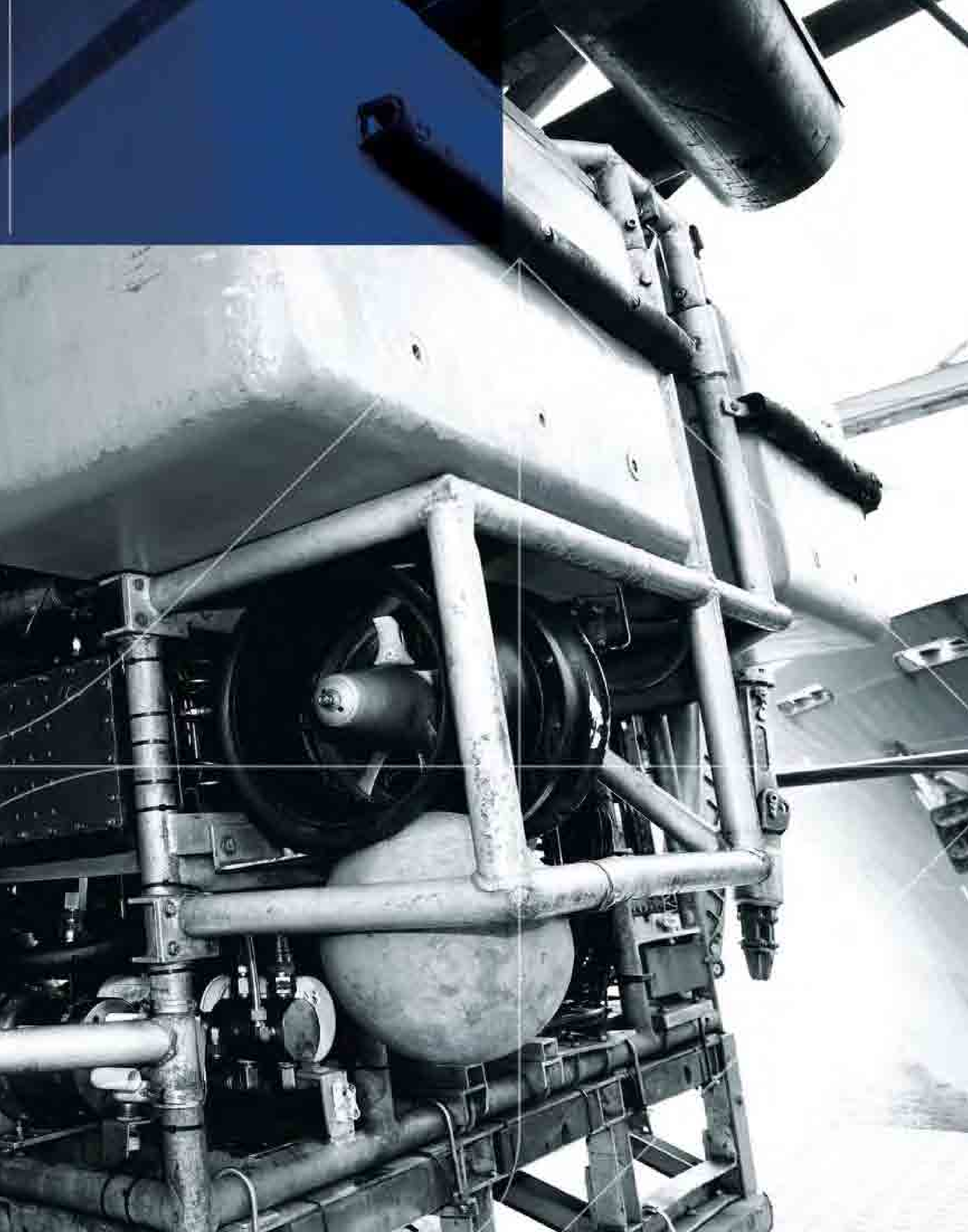
Visit to RAYS

Sapura Hockey Team

Sapura as one of the Main Sponsors for PGA Tour

resilient

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



CORPORATE GOVERNANCE 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 (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 2011.

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 & President (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 & President, 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 & President ensures an effective balance of empowerment and authority.

The Board currently comprises five (5) Independent Non-Executive Directors and five (5) Non-Independent Directors, which exceeds the minimum requirement under paragraph 15.02 of the Main Market 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 39 of the Annual Report.

The members of the Board comprises Dato' Hamzah Bakar (Non-Independent Non-Executive Chairman), Datuk Shahril Shamsuddin (Executive Vice-Chairman & President), 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), Encik Shahriman Shamsuddin (Non-Independent Non-Executive Director), Datuk Kris Azman Abdullah (Non-Independent Non-Executive Director), YM Ungku Suleiman Ungku Abdul Aziz (Non-Independent Non-Executive Director) and Tuan Syed Hasan Saifud-Deen Abdul-Basseer Alsagoff (Alternate Director to Datuk Shahril Shamsuddin and Encik Shahriman Shamsuddin).

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.

CORPORATE GOVERNANCE STATEMENT (cont'd.)

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 2011 are as follows:

- 15th Annual Asia Oil & Gas Conference
- 18th World Congress of Accountants 2010
- Leadership and Talent Management
- Corruption and Its Prevention
- Conflict Resolution and Negotiation Skills
- Post Merger Integration

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, Datuk Shahril Shamsuddin, Tan Sri Ibrahim Menudin and Dato' Fauziah Dato' Ismail shall retire at the 32nd AGM. Being eligible, they have offered themselves for re-election.

Article 100 of the Articles of Association provides that any additional Director appointed during the year shall hold office until the next AGM of the Company. The Director appointed, however, is eligible for re-election at the said AGM. In compliance with Article 100 of the Articles of Association, Datuk Kris Azman Abdullah and YM Ungku Suleiman Ungku Abdul Aziz who were appointed to the Board on 29 September 2010 and 1 April 2011 respectively shall retire at the 32nd AGM. Being eligible, they have offered themselves for re-election.

BOARD MEETINGS

Board meetings were held by the Company on a regular basis. During the financial year ended 31 January 2011, 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 2011, 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 2011 are as follows:

Name of Directors		Meetings Attended	Maximum possible meetings to attend	%
1.	Dato' Hamzah Bakar	8	8	100
2.	Datuk Shahril Shamsuddin	8	8	100
3.	Tan Sri Datuk Amar (Dr.) Hamid Bugo	7	8	87.5
4.	Tan Sri Ibrahim Menudin	6	8	75
5.	Dato' Fauziah Dato' Ismail	8	8	100
6.	Gee Siew Yoong	8	8	100
7.	Mohamed Rashdi Mohamed Ghazalli	8	8	100
8.	Shahriman Shamsuddin	6	8	75
9.	Datuk Kris Azman Abdullah	2	2	100
10.	YM Ungku Suleiman Ungku Abdul Aziz (Appointed on 1 April 2011)	–	–	–

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 2011 are as follows:

Non-Executive Directors	RM'000
Fees	1,166*
Other Emoluments	158*
Benefits-in-Kind	24

Executive Director	RM'000
Salaries and other Emoluments	1,775
Bonus	1,870
Benefits-in-Kind	105

Range of Directors' Remuneration Band

Non-Executive Directors	Number of Director
Below RM50,000	2
RM100,001 – RM150,000	3
RM150,001 – RM200,000	1
RM200,001 – RM250,000	2
RM350,001 – RM400,000	1

Executive Director	
RM3,750,000 – RM3,800,000	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.

CORPORATE GOVERNANCE STATEMENT (cont'd.)

SHAREHOLDERS

From time to time, the Executive Vice-Chairman & President 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 senior 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.

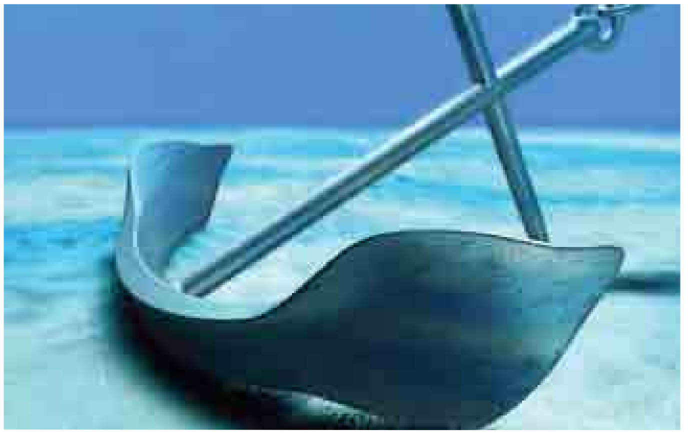
Under Best Practices provision BB III, the Code recommends that external auditors shall normally attend Audit Committee meetings. This recommendation is adopted by the Audit Committee by the regular invitations that it extends to the external auditors as well as Management to attend Audit Committee meetings. 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 59 to 63 of the Annual Report.

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

It is the Board's responsibility to ensure that the Company maintains a sound system of internal control to safeguard shareholders' investments and the Company's assets. For this purpose, the Company has in place a system of internal control to facilitate the management of risks within the Group. This is further elaborated in the Internal Control Statement set out in page 66 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 Main Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad (Bursa Malaysia) and the Malaysian Code on Corporate Governance (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 2011 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 2011 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

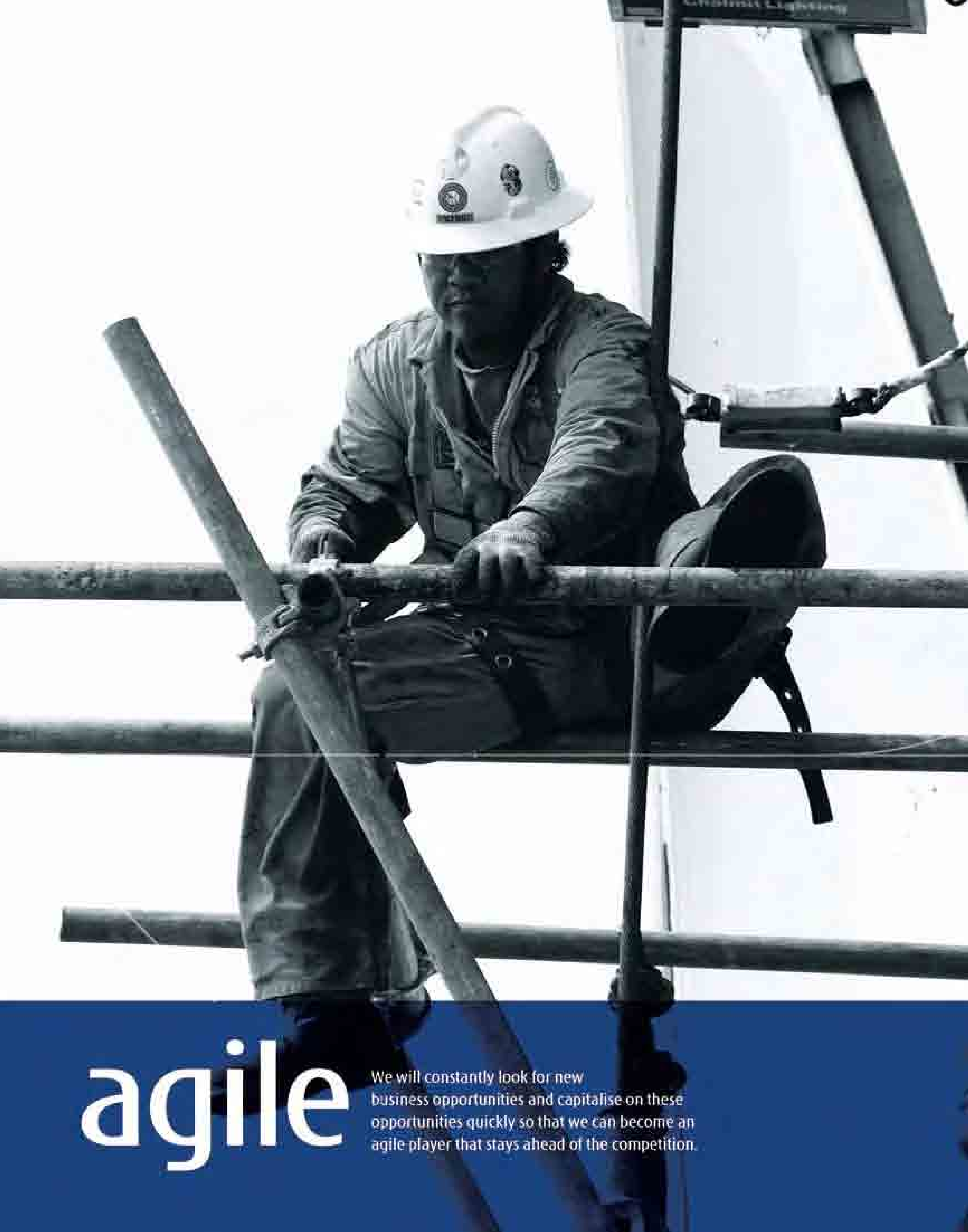
SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2011

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

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT DEPARTMENT FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2011

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 2011:

- 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 2011, twelve (12) audit reports covering the operations of the SapuraCrest Group, compliance issues of the Listing Requirements as well as internal policies and procedures 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.



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 competition.

STATEMENT ON INTERNAL CONTROL

In accordance with Part One of the Malaysian Code on Corporate Governance (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 (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 RM1.22 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 Main Market 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 2011 or, if not then subsisting, entered into since the end of the previous financial year:

(1) Technical Services Agreements

Between 1991 to 2010, Technical Services Agreements were entered into between Tioman Drilling Company Sdn Bhd (Tioman Drilling) and Crest Tender Rigs Pte Ltd (CTR), both 51% owned subsidiaries of SapuraCrest held through SapuraCrest's wholly-owned subsidiary, Probadi Sdn Bhd, with Seadrill Asia Limited (Seadrill Asia) for the provision of technical services in respect of the T-3, T-6, Teknik Berkat, T-9 and T-10 drilling rigs respectively.

Seadrill Asia holds the remaining 49% of Tioman Drilling and CTR's equity and the services to be provided by Seadrill Asia to Tioman Drilling and CTR 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) Rig Rental Agreement

On 27 January 2011, a Rig Rental Agreement was entered into between Seadrill UK Limited (Seadrill UK), a wholly-owned subsidiary of Seadrill Limited and CTR for the bareboat charter of the drilling rig T-10 to perform work pursuant to Seadrill group of companies' contract with Chevron Thailand Exploration And Production Limited related to offshore drilling activities in Thailand (Charter Arrangement). Seadrill Limited is a major shareholder of SapuraCrest.

The charter hire fees for the T-10 is calculated on a monthly basis based on a rate of USD61,000 per day or pro rata part thereof from the delivery date until the termination date and is payable by Seadrill UK to CTR thirty (30) days after each month period. Any other amounts which may be due under the Charter Arrangement shall be paid within thirty (30) days after receipt of invoice by Seadrill UK from CTR.

Due to Seadrill Limited's interest in SapuraCrest, the Charter Arrangement is deemed a related party transaction as defined under the Main Market Listing Requirements of Bursa Malaysia and was subsequently approved by the shareholders of the Company at the Extraordinary General Meeting held on 4 April 2011.

(3) Service and Intellectual Property Use Agreement

On 27 July 2005, the Company entered into a Service and Intellectual Property Use Agreement (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 services which includes the use of Sapura brand name, management advisory services, liaisons with governmental agencies and the right to use SHSB's licenses and intellectual property.

In consideration of SHSB providing the services referred to above, the Company agreed to pay SHSB a fee of RM20.0 million for the financial year ended 31 January 2011.

ADDITIONAL COMPLIANCE INFORMATION (cont'd.)

Pursuant to Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia

IMPOSITION OF SANCTIONS AND/OR PENALTIES

During the financial year ended 31 January 2011, 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 2011 was RM206,000.

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 20 May 2011, 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 2011.

OPTIONS OR CONVERTIBLE SECURITIES

The Company did not issue any options or convertible securities during the financial year ended 31 January 2011.

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 2011.

RESULTS VARIATION

There were no material variations between the audited results for the financial year ended 31 January 2011 and the unaudited results previously announced.

PROFIT GUARANTEE

The Company did not grant any profit guarantee during the financial year ended 31 January 2011.

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 2011.

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 2011.

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

Pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia

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

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

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

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

FINANCIAL 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 2011.

PRINCIPAL ACTIVITIES

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

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

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

RESULTS

	Group RM'000	Company RM'000
Profit net of tax	374,515	119,581
Attributable to:		
Owners of the Parent	231,445	119,581
Non controlling interests	143,070	–
	374,515	119,581

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the changes in accounting policies due to the adoption of FRS 139 Financial Instruments: Recognition and Measurement which has resulted in an increase in the Group's and the Company's profit net of tax by RM10,676,000 and RM8,256,000 respectively as disclosed in Note 2.2 to the financial statements.

DIVIDENDS

The amount of dividends paid by the Company since 31 January 2010 were as follows:

	RM'000
In respect of the financial year ended 31 January 2010 as reported in the directors' report of that year:	
A single tier final dividend of 4.0 sen per ordinary share, on 1,276,722,448 ordinary shares, approved by shareholders on 1 July 2010 and paid on 16 August 2010.	51,069
In respect of the financial year ended 31 January 2011:	
A single tier interim dividend of 3.0 sen per ordinary share, on 1,276,722,448 ordinary shares, declared on 29 September 2010 and paid on 15 December 2010.	38,302

DIVIDENDS (CONT'D.)

At the forthcoming Annual General Meeting, a single tier final dividend in respect of the financial year ended 31 January 2011 of 5.5 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 2012.

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	
Datuk Kris Azman Abdullah	(appointed on 29 September 2010)
Syed Hasan Saifud-Deen Abdul-Basseer Alsagoff (alternate director to Datuk Shahril Shamsuddin and Shahriman Shamsuddin)	(appointed on 29 September 2010)
Ungku Suleiman Ungku Abdul Aziz	(appointed on 1 April 2011)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.20 each			
The Company	**As at 1.2.2010 '000**	**Acquired '000**	**Sold '000**	**As at 31.1.2011 '000**
Indirect interest:				
Datuk Shahril Shamsuddin	511,388	40	–	511,428
Shahriman Shamsuddin	511,388	40	–	511,428
Mohamed Rashdi Mohamed Ghazalli	25	–	–	25
Direct interest:				
Datuk Shahril Shamsuddin	4,024	–	–	4,024
Dato' Hamzah Bakar	1,300	1,300	–	2,600
Tan Sri Datuk Amar (Dr.) Hamid Bugo	131	–	–	131
Mohamed Rashdi Mohamed Ghazalli	50	–	–	50
Shahriman Shamsuddin	489	–	–	489

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 in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that 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 is 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.

(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

Significant events are disclosed in Notes 17, 41 and 42 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 2011.

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 79 to 165 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 2011 and of the results and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 43 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements as issued by Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 May 2011.

Dato' Hamzah Bakar **Datuk Shahril Shamsuddin**

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

I, Aliza Ashari, 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 79 to166 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 Aliza Ashari at
Kuala Lumpur in the Federal Territory
on 12 May 2011 **Aliza Ashari**

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 statements of financial position as at 31 January 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statement of cash flows 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 79 to 165.

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 2011 and of their financial performance and cash flows for the year then ended.

INDEPENDENT AUDITORS' REPORT (CONT'D.)

TO THE MEMBERS OF SAPURACREST PETROLEUM BERHAD (INCORPORATED IN MALAYSIA)

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 41 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

The supplementary information set out in Note 43 on page 166 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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 2011

INCOME STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Revenue	3	3,179,961	3,257,043	183,497	146,066
Cost of sales	4	(2,619,212)	(2,696,988)	–	–
Gross profit		560,749	560,055	183,497	146,066
Other income	5	22,777	23,420	16,357	15,459
Other operating expenses		(51,043)	(60,351)	–	–
Administration expenses		(181,743)	(160,718)	(69,857)	(56,608)
Operating profit		350,740	362,406	129,997	104,917
Finance costs	6	(38,204)	(45,186)	(587)	(522)
Share of (loss)/profit from associates		(439)	342	–	–
Share of profit from jointly controlled entities		103,051	46,437	–	–
Profit before tax	7	415,148	363,999	129,410	104,395
Income tax expense	10	(40,633)	(28,745)	(9,829)	(9,310)
Profit net of tax		374,515	335,254	119,581	95,085
Profit attributable to:					
Owners of the Parent		231,445	172,035	119,581	95,085
Non controlling interests		143,070	163,219	–	–
		374,515	335,254	119,581	95,085
Earnings per share attributable to owners of the Parent (sen per share)					
Basic	11(a)	18.13	13.59		
Diluted	11(b)	18.13	13.59		

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2011

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit net of tax	374,515	335,254	119,581	95,085
Other comprehensive income:				
Foreign currency translation	(101,495)	(41,138)	–	–
Share of other comprehensive income of jointly controlled entities and associates	(3,204)	5,311	–	–
Total other comprehensive income	(104,699)	(35,827)	–	–
Total comprehensive income for the year	269,816	299,427	119,581	95,085
Total comprehensive income attributable to:				
Owners of the Parent	164,900	157,284	119,581	95,085
Non controlling interests	104,916	142,143	–	–
	269,816	299,427	119,581	95,085

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 JANUARY 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	1,019,148	900,456	1,740	1,977
Intangible assets	14	154,688	149,314	–	–
Investments in subsidiaries	15	–	–	235,743	234,243
Investments in associates	16	6,080	6,519	–	–
Investments in jointly controlled entities	17	223,413	185,588	–	–
Deferred tax assets	18	9,093	14,675	–	1,818
		1,412,422	1,256,552	237,483	238,038
Current assets					
Inventories	19	54,787	54,276	–	–
Amount due from subsidiaries	20	–	–	716,206	677,879
Trade and other receivables	21	1,380,816	1,141,766	1,402	1,613
Derivatives	23	985	–	–	–
Tax recoverable		22,201	21,416	12,129	1,137
Cash and bank balances	24	768,381	875,251	1,659	653
		2,227,170	2,092,709	731,396	681,282
Total assets		3,639,592	3,349,261	968,879	919,320

STATEMENTS OF FINANCIAL POSITION (CONT'D.)
AS AT 31 JANUARY 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	25	255,344	255,344	255,344	255,344
Share premium	25	505,337	505,337	505,337	505,337
Other reserves	27	(37,858)	45,560	–	–
Retained profits/(accumulated losses)		372,969	256,976	(88,668)	(114,356)
		1,095,792	1,063,217	672,013	646,325
Non controlling interests		325,618	397,103	–	–
Total equity		1,421,410	1,460,320	672,013	646,325
Non-current liabilities					
Amount due to subsidiaries	28	–	–	162,587	186,171
Borrowings	29	402,252	405,311	–	4
Derivatives	23	2,322	–	2,322	–
Deferred tax liabilities	18	6,758	10,509	4,660	–
		411,332	415,820	169,569	186,175
Current liabilities					
Amount due to subsidiaries	28	–	–	80,812	42,174
Borrowings	29	414,419	297,597	7,000	7,145
Trade and other payables	33	1,385,952	1,170,240	35,389	37,327
Derivatives	23	1,235	–	1,235	–
Income tax payable		5,244	5,284	2,861	174
		1,806,850	1,473,121	127,297	86,820
Total liabilities		2,218,182	1,888,941	296,866	272,995
Total equity and liabilities		3,639,592	3,349,261	968,879	919,320

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2011

	Attributable to the owners of the parent						
		Non-Distributable		Distributable			
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained profits RM'000	Total equity attributable to owners of the parent RM'000	Non controlling interests RM'000	Total equity RM'000
At 1 February 2010	255,344	505,337	45,560	256,976	1,063,217	397,103	1,460,320
Effects of adopting FRS139	–	–	(16,873)	(26,081)	(42,954)	–	(42,954)
	255,344	505,337	28,687	230,895	1,020,263	397,103	1,417,366
Total comprehensive income	–	–	(66,545)	231,445	164,900	104,916	269,816
Transactions with owners							
Dividends on ordinary shares (Note 12)	–	–	–	(89,371)	(89,371)	–	(89,371)
Dividend to non controlling interest of a subsidiary	–	–	–	–	–	(176,401)	(176,401)
Total transactions with owners	–	–	–	(89,371)	(89,371)	(176,401)	(265,772)
At 31 January 2011	255,344	505,337	(37,858)	372,969	1,095,792	325,618	1,421,410

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D.)

FOR THE YEAR ENDED 31 JANUARY 2011

	Attributable to the owners of the parent						
		Non-Distributable		Distributable			
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained profits RM'000	Total equity attributable to owners of the parent RM'000	Non controlling interests RM'000	Total equity RM'000
At 1 February 2009	238,767	461,632	60,658	161,333	922,390	401,197	1,323,587
Total comprehensive income	–	–	(14,751)	172,035	157,284	142,143	299,427
Transactions with owners							
Dividends on ordinary shares (Note 12)	–	–	–	(76,428)	(76,428)	–	(76,428)
Dividend to non controlling interest of a subsidiary	–	–	–	–	–	(122,500)	(122,500)
Increase in share capital of a subsidiary	–	–	–	–	–	73	73
Additional investment in a subsidiary (Note 39)	–	–	–	–	–	(23,810)	(23,810)
Issue of ordinary shares (Note 25):							
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 27)	–	311	(311)	–	–	–	–
Total transactions with owners	16,577	43,705	(347)	(76,392)	(16,457)	(146,237)	(162,694)
At 31 January 2010	255,344	505,337	45,560	256,976	1,063,217	397,103	1,460,320

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

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2011

	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 2010	255,344	505,337	–	(114,356)	646,325
Effects of adopting FRS139	–	–	–	(4,522)	(4,522)
	255,344	505,337	–	(118,878)	641,803
Total comprehensive income	–	–	–	119,581	119,581
Transactions with owners					
Dividends (Note 12)	–	–	–	(89,371)	(89,371)
At 31 January 2011	255,344	505,337	–	(88,668)	672,013
At 1 February 2009	238,767	461,632	347	(133,049)	567,697
Total comprehensive income	–	–	–	95,085	95,085
Transactions with owners					
Dividends (Note 12)	–	–	–	(76,428)	(76,428)
Issue of ordinary shares (Note 25):					
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 27)	–	311	(311)	–	–
Total transactions with owners	16,577	43,705	(347)	(76,392)	(16,457)
At 31 January 2010	255,344	505,337	–	(114,356)	646,325

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2011

	2011 RM'000	2010 RM'000
Cash flows from operating activities		
Profit before tax	415,148	363,999
Adjustments for:		
Amortisation of intangible assets	201	201
Short term accumulating compensated absences	515	624
Provision for expenses no longer required	20,517	–
Allowance for impairment no longer required, net	(2,667)	(5,612)
Reserves arising from:		
– acquisition of a subsidiary (Note 41)	–	(5,982)
– additional investment in a subsidiary (Note 41)	–	(5,810)
Depreciation of property, plant and equipment	90,098	91,455
Property, plant and equipment written off	8	22
Loss/(gain) on disposal of property, plant and equipment	1,178	(17)
Fair value gain on derivatives	(9,241)	–
Share of results of jointly controlled entities	(103,051)	(46,437)
Share of results of associates	439	(342)
Net unrealised foreign exchange loss	24,720	8,258
Interest expense	38,204	45,186
Interest income	(4,195)	(2,226)
Operating profit before working capital changes	471,874	443,319
Increase in inventories	(511)	(4,253)
(Increase)/decrease in trade and other receivables	(253,385)	570,573
Changes in derivatives	11,813	–
Changes in balances with jointly controlled entities	25,301	(33,406)
Increase/(decrease) in trade and other payables	182,835	(78,895)
Cash generated from operating activities	437,927	897,338
Interest paid	(36,288)	(44,575)
Taxes paid	(39,815)	(47,613)
Net cash generated from operating activities	361,824	805,150

	2011 RM'000	2010 RM'000
Cash flows from investing activities		
Additional investment in an existing subsidiary (Note 41)	–	(18,000)
Investment in jointly controlled entities (Note 17)	(43,904)	(14,342)
Acquisition of a subsidiary (Note 41)	–	2,844
Repayment of advances from a jointly controlled entity	43,595	–
Proceeds from disposal of property, plant and equipment	10,821	49
Purchase of property, plant and equipment	(129,498)	(79,222)
Purchase of intangible assets	(5,575)	–
Interest received	4,147	2,226
Dividends paid to non controlling interest of a subsidiary	(176,401)	(122,500)
Net cash used in investing activities	(296,815)	(228,945)
Cash flows from financing activities		
Proceeds from issuance of new shares pursuant to ESOS	–	6,629
Proceeds from conversion of warrants	–	53,342
Proceeds from issuance of MCPs, net of bond discount	–	4,919
Repayment of hire purchase and lease creditors	(1,209)	(2,114)
Repayment of term loans, net	(41,041)	(111,005)
Redemption of MCPs	–	(5,000)
Dividends paid	(89,371)	(100,198)
Net changes in other short term borrowings	(3,629)	(123,009)
Net cash used in financing activities	(135,250)	(276,436)
Net (decrease)/increase in cash and cash equivalents	(70,241)	299,769
Effects of exchange rate changes	(36,629)	(14,902)
Cash and cash equivalents at beginning of year	875,251	590,384
Cash and cash equivalents at end of year (Note 24)	768,381	875,251

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

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2011

	2011 RM'000	2010 RM'000
Cash flows from operating activities		
Profit before tax	129,410	104,395
Adjustments for:		
Depreciation of property, plant and equipment	724	1,250
Short term accumulating compensated absences	(24)	36
Gain on disposal of property, plant and equipment	(20)	–
Gain on disposal of investment in an associate	–	(4,648)
Property, plant and equipment written off	8	–
Fair value gain on derivatives	(8,256)	–
Interest expense	587	522
Dividends income	(118,900)	(95,624)
Interest income	(8,066)	(10,801)
Net unrealised foreign exchange gain	(249)	(219)
Operating loss before working capital changes	(4,786)	(5,089)
Net changes in balances with related companies	(1,182)	(58,569)
Decrease in other receivables	211	2,991
(Decrease)/increase in other payables	(2,210)	8,211
Changes in derivatives	11,813	–
Cash generated from/(used in) operating activities	3,846	(52,456)
Interest paid	(291)	(383)
Taxes paid	(3,532)	(1,823)
Net cash generated from/(used in) operating activities	23	(54,662)
Cash flows from investing activities		
Additional investment in an existing subsidiary (Note 15)	(1,500)	–
Proceeds from disposal of property, plant and equipment	117	–
Purchase of property, plant and equipment	(592)	(775)
Interest received	30	175
Dividends received from subsidiaries	92,448	96,821
Net cash generated from investing activities	90,503	96,221

	2011 RM'000	2010 RM'000
Cash flows from financing activities		
Proceeds from issuance of new shares pursuant to warrants	–	53,342
Proceeds from issuance of new shares pursuant to ESOS	–	6,629
Repayment of hire purchase creditors	(149)	(165)
Dividends paid	(89,371)	(100,198)
Net cash used in financing activities	(89,520)	(40,392)
Net increase in cash and cash equivalents	1,006	1,167
Cash and cash equivalents at beginning of year	653	(514)
Cash and cash equivalents at end of year (Note 24)	1,659	653

The accompanying accounting policies and explanatory 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 41.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 12 May 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 February 2010 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

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

2.2 Changes in accounting policies

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

On 1 February 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 February 2010.

FRS 7	*Financial Instruments: Disclosures*
FRS 8	*Operating Segments*
FRS 101	*Presentation of Financial Statements (Revised)*
FRS 123	*Borrowing Costs*
FRS 139	*Financial Instruments: Recognition and Measurement*
Amendments to FRS 1	*First-time Adoption of Financial Reporting Standards* and FRS 127 *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*
Amendments to FRS 139	*Financial Instruments: Recognition and Measurement,* FRS 7 *Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives*
Improvements to FRS issued in 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*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.2 Changes in accounting policies (cont'd.)

FRS 4 *Insurance Contracts* and TR i-3 *Presentation of Financial Statements of Islamic Financial Institutions* will also be effective for annual periods beginning on or after 1 February 2010. These FRS are, however, not applicable to the Group or the Company.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 7 *Financial Instruments: Disclosures*

Prior to 1 February 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 January 2011.

FRS 8 *Operating Segments*

FRS 8, which replaces FRS 114 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 40.

FRS 101 *Presentation of Financial Statements (Revised)*

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as two linked statements.

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 classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 39).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

FRS 139 *Financial Instruments: Recognition and Measurement*

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 February 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained profits as at 1 February 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.2 Changes in accounting policies (cont'd.)

FRS 139 *Financial Instruments: Recognition and Measurement (cont'd.)*

Non-hedging derivatives

Prior to 1 February 2010, all derivative financial instruments were recognised in the financial statements only upon settlement. These instruments do not qualify for hedge accounting under FRS 139. Hence, upon the adoption of FRS 139, all derivatives held by the Group and the Company as at 1 February 2010 are recognised at their fair values totalling RM11,813,000 and are classified as financial liabilities at fair value through profit or loss.

Impairment of trade receivables

Prior to 1 February 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate.

The following are effects arising from the above changes in accounting policies:

	Increase/(decrease)	
	As at 31 January 2011 RM'000	As at 1 February 2010 RM'000
Statements of financial position		
Group		
Investment in jointly controlled entities	(39,955)	(38,432)
Derivatives assets	985	–
Derivatives liabilities	3,557	11,813
Retained profits	(15,405)	(26,081)
Other reserves	(20,077)	(16,873)
Deferred tax liabilities	246	–
Other payables	(7,291)	(7,291)
Company		
Derivatives liabilities	3,557	11,813
Retained profits	3,734	(4,522)
Other payables	(7,291)	(7,291)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.2 Changes in accounting policies (cont'd.)

FRS 139 *Financial Instruments: Recognition and Measurement (cont'd.)*

	Increase/(decrease)	
	Group 2011 RM'000	Company 2010 RM'000
Income statements		
Other income	9,241	8,256
Share of profit from jointly controlled entities	1,681	–
Profit before tax	10,922	8,256
Deferred tax expense	246	–
Profit net of tax	10,676	8,256
Statements of comprehensive income		
Share of other comprehensive income of a jointly controlled entity	(3,204)	–

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Effective for annual periods beginning on or after 1 March 2010:

Amendments to FRS 132	*Classification of Right Issues*

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

FRS 1	*First-time Adoption of Financial Reporting Standards*
FRS 3	*Business Combination (Revised)*
Amendments to FRS 2	*Shared based payment*
Amendments to FRS 5	*Non-current Assets Held for Sale and Discontinued Operations*
Amendments to FRS 127	*Consolidated and Separate Financial Statements*
Amendments to FRS 138	*Intangible Assets*
Amendments to IC Interpretation 9	*Reassessment of Embedded Derivatives*
IC Interpretation 12	*Service Concession Arrangements*
IC Interpretation 16	*Hedges of a Net Investment in a Foreign Operation*
IC Interpretation 17	*Distributions of Non-cash Assets to Owners*

Effective for annual periods beginning on or after 1 January 2011:

Amendments to FRS 1	*Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
Amendments to FRS 1	*Additional Exemption for First-time Adopters*
Amendments to FRS 2	*Group Cash-settled Share-based Payment Transactions*
Amendments to FRS 7	*Improving Disclosures about Financial Instruments*
IC Interpretation 4	*Determining Whether an Arrangement contains a Lease*
IC Interpretation 18	*Transfer of Assets from Customers*
Improvement to FRSs 2010	

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

Effective for annual periods beginning on or after 1 July 2011:

Amendments to IC Interpretation 14	*Prepayment of a Minimum Funding Requirement*
Amendments to IC Interpretation 19	*Financial Liabilities with Equity Instruments*

Effective for annual periods beginning on or after 1 January 2012:

FRS 124	*Related Party Disclosures*
IC Interpretation 15	*Agreement for the Construction of Real Estate*
Amendments to IC Interpretation 15	*Agreement for the Construction of Real Estate*

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the amendments to FRS 127 are described below.

Revised FRS 3 *Business Combination* and Amendments to FRS 127 *Consolidated and Separate Financial Statements*

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with non controlling interests. The standards may be early adopted. However, the Group does not intend to early adopt.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisition of subsidiaries is accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination 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 business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.8(a). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Basis of consolidation (cont'd.)

Acquisition of subsidiaries that meets the conditions of a merger is 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.

2.5 Transaction with non controlling interests

Non controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non controlling interests are accounted for using the entity concept method, whereby, transactions with non controlling interests are accounted for as transactions with owners. On acquisition of non controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non controlling interests is recognised directly in equity.

2.6 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

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

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

(c) Foreign operations

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is only probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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.

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 recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Depreciation is computed on a straight line basis over the estimated useful life of the assets as follows:

Vessels and related dry docking, remotely 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%

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.8 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

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

(b) Other intangible assets

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

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

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

(i) Patent

Patent has a finite useful life and is amortised on a straight line basis over its finite useful life of 10 years.

(ii) Intellectual property rights

Intellectual property rights were acquired separately and is amortised on a straight line basis over its finite useful life of 5 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.8 Intangible assets (cont'd.)

(b) Other intangible assets (cont'd.)

(iii) Software development costs

Software development costs are recognised when the Group can demonstrate the technical feasibility of completing the intangible assets so that it will be available for use, its intention to complete and its ability to use, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development. Software development costs have a finite useful life and are amortised over the period of use on a straight line basis of 3 years.

2.9 Impairment of non-financial assets

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

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

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

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

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

2.10 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An 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.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. 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 for the period in which the investment is acquired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.11 Associates (cont'd.)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The most recent available financial statements of associates are use by the Group in applying the equity method. Where the dates of the financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements and management financial statements to the end of the accounting period. Where necessary, adjustments are made to the financial statements of the associates to ensure consistency of the accounting policies used with those of the Group.

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 included in profit or loss.

2.12 Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Investments in joint ventures are accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.11.

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

The most recent available audited financial statements of the joint ventures 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, its investments in joint venture is 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 profit or loss.

2.13 Financial assets

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.13 Financial assets (cont'd.)

(a) Financial assets at fair value through profit or loss (cont'd.)

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

The Group and the Company has designated derivative that do not qualify for hedge accounting as at fair value through profit or loss.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(d) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.13 Financial assets (cont'd.)

(d) Available-for-sale financial assets (cont'd.)

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.14 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.16 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 estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to 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.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

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

2.17 Inventories

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

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

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

2.18 Provisions

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.19 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(b) Other financial liabilities

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

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.20 Borrowing Costs

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

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.21 Employee benefits

(i) Short term benefit

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

(ii) Defined contribution plans

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

(iii) Share-based compensation

The Company's Employee Share Options Scheme ("ESOS"), an 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 reporting 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.

2.22 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.22 Leases (cont'd.)

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.23(e).

2.23 Revenue

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

(a) Revenue from services

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

(b) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method, as described in Note 2.16.

(c) Interest income

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

(d) Dividend income

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

(e) Rental income

Rental income is recognised on an accrual basis.

(f) Management fees

Management fees are recognised when services are rendered.

(g) Hire revenue

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

2.24 Income taxes

(a) Current tax

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.24 Income taxes (cont'd.)

(b) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.25 Segment reporting

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

2.26 Share capital and issuance expenses

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

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

2.27 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group or of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

2.28 Hedge accounting

The Group uses derivatives to manage its exposure to foreign currency risk, interest rate risk and liquidity risk, including forward currency contracts and cross currency interest rate swaps. The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedging relationship are classified as:

(i) Fair value hedges, when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or

(ii) Cash flow hedges, when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or

(iii) Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.28 Hedge accounting (cont'd.)

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

(a) Fair value hedges

The change in the fair value of an interest rate hedging derivative is recognised in the profit or loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in profit or loss as finance costs.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through profit or loss over the remaining term to maturity. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedge item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Fair value hedge accounting is discontinued if the hedging instrument expires or sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation.

The Group has not designated any derivative under fair value hedge.

(b) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income into cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss as other operating expenses.

Amounts recognised in other comprehensive income previously are reclassified from equity to profit or loss when the hedged transaction affects profit or loss, such as when the hedged interest income or interest expense is recognised or when a forecast sale occurs. Where the hedged item is a non-financial asset or a non-financial liability, the amounts recognised previously in other comprehensive income are removed and included in the initial carrying amount of the non-financial asset or liability. The Group has elected not to apply basis adjustments to hedges of forecast transactions that result in the recognition of a non-financial asset or a non-financial liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remain in equity until the forecast transaction or firm commitment affects profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.29 Significant accounting judgements and estimates

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) Judgements made in applying accounting policies

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

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 statement of financial position 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 2011 were RM149,012,000 (2010: 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

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

(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.

(v) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 21.

3. REVENUE

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Installation of Pipelines and Facilities	1,900,685	1,714,289	–	–
Offshore Drilling Services	804,928	844,286	–	–
Marine Services	383,612	645,897	–	–
Operations and Maintenance	90,736	52,571	–	–
Dividend Income	–	–	118,900	95,624
Management Fees from Subsidiaries	–	–	64,597	50,442
	3,179,961	3,257,043	183,497	146,066

4. COST OF SALES

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

5. OTHER INCOME

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest income				
– third parties	4,195	2,226	30	175
– related companies	–	–	8,036	10,626
Reserves arising from:				
– acquisition of a subsidiary (Note 41)	–	5,982	–	–
– additional investment in a subsidiary (Note 41)	–	5,810	–	–
Net fair value gains on financial instruments:				
– Derivatives	9,241	–	8,256	–
Miscellaneous income	9,341	9,402	35	4,658
	22,777	23,420	16,357	15,459

6. FINANCE COSTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest expense on:				
– Istisna' Bonds and MCPs/MMTNs	24,775	25,131	–	–
– Ijarah facilities	511	–	–	–
– Term loans	3,041	4,364	–	–
– Hire purchase and finance lease liabilities	476	697	29	31
– Revolving credits	4,516	13,101	349	332
– Other borrowings	2,483	1,893	59	31
– Advances from a subsidiary	–	–	150	128
Commitment fees	2,402	–	–	–
	38,204	45,186	587	522

7. PROFIT BEFORE TAX

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
This is arrived at after charging/(crediting):				
Employee benefits expense (Note 8)	414,819	383,890	27,190	21,950
Non-executive directors' remuneration (Note 9)	1,324	1,028	1,245	948
Auditors' remuneration:				
– Statutory audits:				
– Group auditors	761	720	98	98
– Other auditors	330	299	–	–
– Other services:				
– Group auditors	135	120	135	120
– Other auditors	71	77	–	–
Charter of vessels, barges and rigs from:				
– third parties	381,552	378,584	–	–
Hire of equipment	43,950	63,452	–	111
Gain on disposal of investment in an associate	–	–	–	(4,648)
Depreciation of property, plant and equipment	87,261	89,047	724	1,250
Amortisation of intangible assets	201	201	–	–
Loss/(gain) on disposal of property, plant and equipment	1,178	(17)	(20)	–
Property, plant and equipment written off	8	22	8	–
Rental of premises	4,430	5,492	2,399	2,431
Rental of motor vehicles	610	595	21	2
Foreign exchange differences:				
– unrealised exchange loss/(gain)	24,720	8,258	(249)	(219)
– realised exchange loss	19,908	19,367	1,596	1
Provision for expenses no longer required	(20,517)	–	–	–
Allowance for impairment no longer required, net	(2,667)	(5,612)	–	–
Fair value gain on derivatives	(9,241)	–	(8,256)	–
Management fees	20,000	20,000	20,000	20,000

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Wages and salaries	375,667	348,923	23,683	18,605
Social security contributions	1,366	1,229	41	41
Contributions to defined contribution plan	28,554	27,228	3,327	2,846
Short term accumulating compensated absences	515	624	(24)	36
Demobilisation benefits	2,375	2,361	–	–
Other benefits	6,342	3,525	163	422
	414,819	383,890	27,190	21,950

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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	3,645	2,395	3,645	2,395
Benefits-in-kind	105	85	105	85
	3,750	2,480	3,750	2,480
Non-Executive:				
Fees	1,166	883	1,088	804
Other emoluments	158	145	157	144
Total remuneration	1,324	1,028	1,245	948
Benefits-in-kind	24	9	24	9
	1,348	1,037	1,269	957
	5,098	3,517	5,019	3,437
Directors of Subsidiaries				
Executive:				
Salaries and other emoluments	3,629	5,068	–	–
Benefits-in-kind	216	287	–	–
	3,845	5,355	–	–
	8,943	8,872	5,019	3,437

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

9. DIRECTORS' REMUNERATION (cont'd.)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration, excluding benefits-in-kind (Note 36(b))	7,274	7,463	3,645	2,395
Total non-executive directors' remuneration, excluding benefits-in-kind (Note 7)	1,324	1,028	1,245	948
Total directors' remuneration excluding benefits-in-kind	8,598	8,491	4,890	3,343

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

	2011 '000	2010 '000
At 1 February	–	3,962
Exercised during the year	–	(3,962)
At 31 January	–	–

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	
	2011	2010
Executive director:		
RM2,000,001 – RM2,500,000	–	1
RM3,750,000 – RM3,800,000	1	–
Non-executive directors:		
Below RM50,000	2	–
RM50,001 – RM100,000	–	2
RM100,001 – RM150,000	3	1
RM150,001 – RM200,000	1	3
RM200,001 – RM250,000	2	1
RM350,001 – RM400,000	1	–
	10	8

10. INCOME TAX EXPENSE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Income tax:				
Malaysian income tax	37,441	32,253	3,091	12,387
Foreign tax	1,894	10,456	–	–
	39,335	42,709	3,091	12,387
Under/(over) provided in prior years:				
Malaysian income tax	(2,432)	(5,994)	260	(691)
Foreign tax	2,087	(4,415)	–	–
	(345)	(10,409)	260	(691)
	38,990	32,300	3,351	11,696
Deferred tax: (Note 18)				
Relating to origination of temporary differences	2,169	(6,405)	6,488	(6,091)
(Over)/underprovided in prior years	(526)	2,850	(10)	3,705
	1,643	(3,555)	6,478	(2,386)
Total income tax expense	40,633	28,745	9,829	9,310

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

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:

	2011 RM'000	2010 RM'000
Group		
Profit before tax	415,148	363,999
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	103,787	91,000
Effect of different tax rates in other countries	2,826	2,029
Effect of different tax rates in other jurisdiction – Labuan	(82,372)	(84,019)
Losses from foreign sources not deductible against Malaysian income tax	21,562	23,042
Effect of income not subject to tax	(6,540)	(5,853)
Effect of expenses not deductible for tax purposes	19,691	8,894
Effects of share of results of associates and jointly controlled entities	(25,653)	(11,695)
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(7,482)	(2,055)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	15,685	14,961
(Over)/underprovision of deferred tax in prior years	(526)	2,850
Overprovision of tax expense in prior years	(345)	(10,409)
Income tax expense for the year	40,633	28,745

10. INCOME TAX EXPENSE (cont'd.)

	2011 RM'000	2010 RM'000
Company		
Profit before tax	129,410	104,395
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	32,353	26,099
Effect of income not subject to tax	(23,861)	(20,818)
Effect of expenses not deductible for tax purposes	1,087	1,015
(Over)/underprovision of deferred tax in prior years	(10)	3,705
Under/(over) provision of income tax expense in prior years	260	(691)
Income tax expense for the year	9,829	9,310

Tax savings during the financial year arising from:

	Group	
	2011 RM'000	2010 RM'000
Utilisation of previously unrecognised tax losses	7,482	2,055

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.

	2011	2010
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	231,445	172,035
Weighted average number of ordinary shares in issue ('000)	1,276,722	1,265,730
Basic earnings per share (sen)	18.13	13.59

(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.

	2011	2010
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	231,445	172,035
Weighted average number of ordinary shares in issue ('000)	1,276,722	1,265,730
Diluted earnings per share (sen)	18.13	13.59

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

12. DIVIDENDS

	Dividends in respect of Year			Dividends Recognised in Year	
	2011 RM'000	2010 RM'000	2009 RM'000	2011 RM'000	2010 RM'000
Recognised during the year:					
Interim					
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
3.0 sen (single tier) per ordinary share, on 1,276,722,448 ordinary shares declared on 29 September 2010 and paid on 15 December 2010 (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
4.0 sen (single tier) per ordinary share, on 1,276,722,448 ordinary shares approved by shareholders on 1 July 2010 and paid on 16 August 2010 (4.00 sen per share)	–	51,069	–	51,069	–
	38,302	89,371	38,126	89,371	76,428

At the forthcoming Annual General Meeting, a single tier final dividend in respect of the financial year ended 31 January 2011 of 5.5 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 2012.

13. PROPERTY, PLANT AND EQUIPMENT

	Vessels and related dry docking, ROVs, and SAT system RM'000	Tender assisted drilling rigs and related dry docking, and plant and machinery RM'000	Other equipments, tools and implements RM'000	Furniture, equipment and vehicles RM'000	Vessels and SAT system under construction RM'000	Total RM'000
Group						
At 31 January 2011						
Cost/Valuation						
At 1 February 2010	414,619	996,971	10,737	55,631	50,526	1,528,484
Additions	208,848	32,482	2,651	13,890	25,271	283,142
Disposals	(38,741)	(1,255)	–	(1,778)	–	(41,774)
Write-off	–	–	–	(16)	–	(16)
Reclassification	63,594	3,540	–	(445)	(66,689)	–
Exchange differences	(16,607)	(89,816)	–	833	–	(105,590)
At 31 January 2011	631,713	941,922	13,388	68,115	9,108	1,664,246
Representing:						
At cost	623,715	941,922	13,388	68,115	9,108	1,656,248
At valuation	7,998	–	–	–	–	7,998
	631,713	941,922	13,388	68,115	9,108	1,664,246
Accumulated Depreciation						
At 1 February 2010	173,349	413,730	9,185	31,764	–	628,028
Depreciation charge for the year	28,514	54,532	892	6,160	–	90,098
Disposals	(27,442)	(799)	–	(1,534)	–	(29,775)
Write-off	–	–	–	(8)	–	(8)
Reclassification	–	307	–	(307)	–	–
Exchange differences	(7,797)	(34,891)	–	(557)	–	(43,245)
At 31 January 2011	166,624	432,879	10,077	35,518	–	645,098
Net carrying amount						
At cost	462,271	509,043	3,311	32,597	9,108	1,016,330
At valuation	2,818	–	–	–	–	2,818
At 31 January 2011	465,089	509,043	3,311	32,597	9,108	1,019,148

13. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

	Vessels and related dry docking, ROVs, and SAT system RM'000	Tender assisted drilling rigs and related dry docking, and plant and machinery RM'000	Other equipments, tools and implements RM'000	Furniture, equipment and vehicles RM'000	Vessels under construction RM'000	Total 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 41)	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 41)	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.)

Company	Furniture, equipment and vehicles RM'000
At 31 January 2011	
Cost	
At 1 February 2010	8,804
Additions	592
Disposal	(469)
Write-off	(16)
At 31 January 2011	8,911
Accumulated Depreciation	
At 1 February 2010	6,827
Depreciation charge for the year	724
Disposal	(372)
Write-off	(8)
At 31 January 2011	7,171
Net carrying amount	
At 31 January 2011	1,740
At 31 January 2010	
Cost	
At 1 February 2010	8,029
Additions	775
At 31 January 2011	8,804
Accumulated Depreciation	
At 1 February 2010	5,577
Depreciation charge for the year	1,250
At 31 January 2011	6,827
Net carrying amount	
At 31 January 2011	1,977

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 RM2.818 million has been stated on the basis of its 1998 valuation as allowed by IAS 116 by virtue of the transitional provisions of IAS 16 then. Had it been carried at historical cost, the carrying value of the vessel would have been RM Nil (2010: 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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Vessel	179,749	–	–	–
Motor vehicles	860	999	–	313
Plant and machinery	236	939	–	–
	180,845	1,938	–	313

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

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash	129,498	79,222	592	775
Hire purchase and finance lease arrangements	153,644	383	–	–
	283,142	79,605	592	775

(d) The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Notes 29, 31 and 32) are as follows:

	Group	
	2011 RM'000	2010 RM'000
Tender assisted drilling rigs and plant and machinery	471,784	565,402
Vessels, ROVs and SAT system	368,657	142,847
	840,441	708,249

14. INTANGIBLE ASSETS

	Software Development Costs RM'000	Intellectual Property Right RM'000	Patent RM'000	Goodwill RM'000	Total RM'000
Group					
At 31 January 2011					
Cost					
At 1 February 2009 and 1 February 2010	–	1,006	60	149,012	150,078
Addition for the year	4,931	632	12	–	5,575
At 31 January 2011	4,931	1,638	72	149,012	155,653
Accumulated amortisation					
At 1 February 2009	–	503	60	–	563
Charge for the year	–	201	–	–	201
At 31 January 2010 and 1 February 2010	–	704	60	–	764
Charge for the year	–	201	–	–	201
At 31 January 2011	–	905	60	–	965
Net carrying amount					
At 31 January 2010	–	302	–	149,012	149,314
At 31 January 2011	4,931	733	12	149,012	154,688

Impairment tests for goodwill

Allocation of goodwill

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

	Malaysia RM'000	Australia RM'000	Total RM'000
At 31 January 2011			
Marine Services and Operation and Maintenance	129,597	–	129,597
Marine Services	–	19,415	19,415
			149,012
At 31 January 2010			
Marine Services and Operation and Maintenance	129,597	–	129,597
Marine Services	–	19,415	19,415
			149,012

14. INTANGIBLE ASSETS (cont'd.)

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period.

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	
	2011	2010	2011	2010	2011	2010
Marine Services:						
Australia	39%	35%	5%	2%	13%	20%
Marine Services, Operation and maintenance						
Malaysia	20%	18%	5%	2%	13%	15%

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	
	2011 RM'000	2010 RM'000
Unquoted shares, at cost	241,454	239,954
Share options granted under ESOS	1,167	1,167
Less: Accumulated impairment losses	(6,878)	(6,878)
	235,743	234,243

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

16. INVESTMENTS IN ASSOCIATES

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Unquoted shares, at cost	521	521	–	–
Share of post-acquisition reserves	5,559	5,998	–	–
	6,080	6,519	–	–

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

	2011 RM'000	2010 RM'000
Share of net assets	1,439	1,878
Share of goodwill in associates	4,641	4,641
	6,080	6,519

(i) Details of the associates are as follows:

Name of Company	Country of Incorporation	Principal Activities	Proportion of ownership interest 2011 %	Proportion of ownership interest 2010 %
* 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) The financial statements of the above associates are not coterminous with those of the Company. Geowell Sdn. Bhd. and Subang Properties Sdn. Bhd. have financial year end of 31 December. For the purpose of applying the equity method of accounting, the financial statements of Geowell Sdn. Bhd. and Subang Properties Sdn. Bhd. which have financial year ended 31 December 2010 have been used and appropriate adjustments have been made for the effects of significant transactions between 31 December 2010 and 31 January 2011.

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

	2011 RM'000	2010 RM'000
Assets and liabilities		
Current assets	17,568	16,426
Non-current assets	26,637	29,875
Total assets	44,205	46,301
Current liabilities	(18,592)	(7,750)
Non-current liabilities	(8,386)	(19,093)
Total liabilities	(26,978)	(26,843)
Results		
Revenue	34,270	33,079
(Loss)/profit for the year	(1,462)	3,779

17. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Group	
	2011 RM'000	2010 RM'000
Unquoted shares, at cost	86,669	42,765
Goodwill arising from investment	14,128	14,128
Share of post-acquisition reserves	31,991	(26,184)
	132,788	30,709
Shareholders' advances to jointly controlled entities	90,625	154,879
	223,413	185,588

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

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:

	2011 RM'000	2010 RM'000
Assets and liabilities		
Current assets	559,842	259,235
Non-current assets	661,439	698,519
Total assets	1,221,281	957,754
Current liabilities	(457,921)	(230,019)
Non-current liabilities	(646,096)	(712,541)
Total liabilities	(1,104,017)	(942,560)
Results		
Income	936,389	303,526
Expenses, including finance costs and taxation	(833,338)	(257,089)

(a) During the year, the Company through its wholly owned subsidiary, Nautical Power Pte. Ltd. ("NPPL") entered into a joint venture agreement with Larsen & Toubro Limited ("L&T") to incorporate L&T Sapura Shipping Pvt. Ltd. and L&T Sapura Offshore Pvt. Ltd. to take ownership of a vessel, LTS 3000 and provision of engineering and installation sevices respectively. The joint ventures became effective on 25 October 2010.

The capital contribution of NPPL and L&T (representing their respective shareholdings of 40% and 60%) amounts to USD14.2 million (RM44.2 million) and USD21.3 million (RM66.3 million) respectively.

(b) On 1 June 2010, the Company through its wholly owned subsidiary, SapuraCrest Ventures Sdn. Bhd. ("SVSB") entered into a joint venture agreement with AL Rayan Investment LLC ("ARI") to set up a joint venture company in Qatar namely SapuraCrest Qatar LLC. The purpose of this joint venture is to identify, pursue and undertake opportunities in the oil and gas industries in the State of Qatar. The joint venture became effective on 1 September 2010.

The capital contribution of SVSB and ARI (representing their respective shareholdings of 49% and 51%) amounts to Qatar Riyal ("QR") 343,000 (RM308,700) and QR357,000 (RM321,300) respectively.

17. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (cont'd.)

(c) In financial year 2008, Sapura Acergy Assets Pte.Ltd. ("SAPL") obtained a banking facility which consist of a seven year term loan of USD200,000,000 and reducing revolving credit facility of USD25,000,000 from a foreign financial institution in Singapore.

In order to hedge its exposure to interest risks arising from its term loan, SAPL entered 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 34.

Details of the jointly controlled entities are as follows:

	Name of Company	Country of Incorporation	Principal Activities	Proportion of ownership interest 2011 %	2010 %
	BTL Sdn. Bhd.	Malaysia	In members' voluntary liquidation	50	50
*	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
	SapuraAcergy (Australia) Pty. Ltd.	Australia	Managing and operating of vessel and provision of offshore related works	50	–
*	Offshore International FZC	United Arab Emirates	Dormant **	40	40
*	Quippo Prakash Pte. Ltd.	Singapore	Vessel owner	26	26
*	L&T Sapura Shipping Pvt. Ltd.	India	Vessel owner	40	–
*	L&T Sapura Offshore Pvt. Ltd.	India	Provision of engineering and installation services	40	–
	SapuraCrest Qatar LLC	Qatar	Dormant	49	–

* Audited by firms other than Ernst & Young

** During the year, Offshore International FZC transferred its vessel to L&T Sapura Shipping Pvt. Ltd.

18. DEFERRED TAX

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At 1 February 2010/2009	(4,166)	(2,418)	(1,818)	568
Recognised in the income statement (Note 10)	1,643	(3,555)	6,478	(2,386)
Acquisition of a subsidiary (Note 41)	–	30	–	–
Exchange differences	188	1,777	–	–
At 31 January	(2,335)	(4,166)	4,660	(1,818)
Presented after appropriate offsetting as follows:				
Deferred tax assets	(9,093)	(14,675)	–	(1,818)
Deferred tax liabilities	6,758	10,509	4,660	–
	(2,335)	(4,166)	4,660	(1,818)

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

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM'000	Others RM'000	Total RM'000
At 1 February 2010	8,095	4,531	12,626
Recognised in the income statement (Note 10)	4,671	(142)	4,529
Exchange differences	–	331	331
At 31 January 2011	12,766	4,720	17,486
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 41)	–	30	30
Exchange differences	–	1,795	1,795
At 31 January 2010	8,095	4,531	12,626

18. DEFERRED TAX (cont'd.)

Deferred tax assets of the Group:

	Tax losses and unabsorbed capital allowances RM'000	Provisions for liabilities RM'000	Others RM'000	Total RM'000
At 1 February 2010	(1,599)	(13,935)	(1,258)	(16,792)
Recognised in the income statement (Note 10)	(3,802)	1,879	(963)	(2,886)
Exchange differences	–	(143)	–	(143)
At 31 January 2011	(5,401)	(12,199)	(2,221)	(19,821)
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)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000	Dividend receivables RM'000	Total RM'000
At 1 February 2010	257	–	257
Recognised in income statement (Note 10)	(35)	8,126	8,091
At 31 January 2011	222	8,126	8,348
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

Deferred tax assets of the Company:

	Unabsorbed tax losses RM'000	Provisions for liabilities RM'000	Total RM'000
At 1 February 2010	(423)	(1,652)	(2,075)
Recognised in income statement (Note 10)	(28)	(1,585)	(1,613)
At 31 January 2011	(451)	(3,237)	(3,688)
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)

18. DEFERRED TAX (cont'd.)

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unutilised tax losses	176,211	163,367	14,451	14,451
Unabsorbed capital allowances	69,427	49,456	–	–
	245,638	212,823	14,451	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 due to uncertainty of its recoverability as they may not be used to offset against any future profits of other entities in the Group.

19. INVENTORIES

	Group	
	2011 RM'000	2010 RM'000
At cost:		
Consumable spares	47,966	50,124
Work-in-progress	6,821	4,152
	54,787	54,276

The cost of inventories recognised as an expense during the financial year amounted to RM63.4 million (2010: RM53.8 million).

20. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2011 RM'000	2010 RM'000
Amount due from subsidiaries	887,484	849,157
Less: Allowance for impairment	(171,278)	(171,278)
	716,206	677,879

Amount due from subsidiaries are unsecured, interest free and repayable on demand except for RM94,716,921 (2010: RM96,225,773) which is subject to interest rates ranging from 7.50% to 8.43% (2010: 7.50% to 8.43%) per annum.

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

Other information on financial risks are disclosed in Note 37.

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade receivables				
Third parties	419,232	501,437	–	–
Sapura Group of companies	3,733	6,764	–	–
Less: Allowance for impairment				
Third parties	(10,278)	(17,618)	–	–
	412,687	490,583	–	–
Construction contracts:				
Due from customers on contract (Note 22)	814,601	493,823	–	–
Trade receivables, net	1,227,288	984,406	–	–
Other receivables				
Amount due from:				
Sapura Group of companies	95	84	95	84
Jointly controlled entities	64,612	90,407	–	–
	64,707	90,491	95	84
Deposits and prepayments	23,121	22,502	1,307	1,464
Sundry receivables	66,263	44,930	–	65
	89,384	67,432	1,307	1,529
Less: Allowance for impairment	(563)	(563)	–	–
	88,821	66,869	1,307	1,529
	1,380,816	1,141,766	1,402	1,613

(a) Trade receivables

Trade receivables are non-interest bearing. The Group's normal trade credit term ranges from 30 to 120 days (2010: 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. Trade receivables are recognised at original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	2011 RM'000
Neither past due nor impaired	292,861
1 to 30 days past due not impaired	29,951
31 to 60 days past due not impaired	30,752
61 to 90 days past due not impaired	3,724
91 to 120 days past due not impaired	7,492
More than 121 days past due not impaired	47,907
	119,826
Impaired	10,278
	422,965

21. TRADE AND OTHER RECEIVABLES (cont'd.)

(a) Trade receivables (cont'd.)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Most of the Group trade receivables arise from customers with many years of experience with the Group and losses have occured infrequently.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM119.8 million that are past due at the reporting date but not impaired. These balances relate mainly to customers who have never defaulted on payments but are slow paymasters hence, are periodically monitored.

The receivables that are past due but not impaired are unsecured in nature.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired Total RM'000
Trade receivables – nominal amounts	10,278
Less: Allowance for impairment	(10,278)
	–
Movement in allowance accounts:	
At 1 February 2010	17,618
Charge for the year	94
Write off	(4,036)
Reversal of impairment losses	(2,761)
Exchange differences	(637)
At 31 January 2011	10,278

21. TRADE AND OTHER RECEIVABLES (cont'd.)

(a) Trade receivables (cont'd.)

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

(b) Other receivables

Amount due from other receivables (excluding prepayment) are non trade, unsecured, interest free and repayable on demand.

Certain receivables of a subsidiary are pledged as securities for borrowings as disclosed in Note 31.

Other receivables that are impaired

At the reporting date, the Group have provided an allowance of RM563,000 for impairment of sundry debtors with a nominal amount of RM563,000. This sundry debtors are in financial difficulties and have defaulted on payments. These debtors are not secured by any collateral or credit enhancements.

There has been no movement in this allowance account for the financial year ended 31 January 2011.

(c) Amount due from Sapura Group of companies

Amount due from Sapura Group of companies are unsecured, interest free and repayable on demand.

22. DUE FROM CUSTOMERS ON CONTRACTS

	Group	
	2011 RM'000	2010 RM'000
Construction contract costs incurred to date	5,407,382	4,031,126
Attributable profits	297,599	233,196
	5,704,981	4,264,322
Less: Progress billings	(4,890,380)	(3,770,499)
Due from customers on contracts (Note 21)	814,601	493,823

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

	Group	
	2011 RM'000	2010 RM'000
Hire of barges and vessels and operational equipment	914,592	633,333
Depreciation of property, plant and equipment	2,837	2,408
Interest expense	–	111
Rental expense for buildings	5,584	3,775

Included in the construction contract costs incurred and attributable profits less progress billings in the previous years were projects completed pending finalisation of contract sum of RM3.2 billion (2010: RM2 billion)

23. DERIVATIVES

	Group 2011			Company 2011		
	Contract/ Notional Amount RM'000	Assets RM'000	Liabilities RM'000	Contract/ Notional Amount RM'000	Assets RM'000	Liabilities RM'000
Group						
Non-hedging derivatives:						
Current						
Forward currency contracts	46,878	985	–	–	–	–
CCIRS	17,690	–	(1,235)	17,690	–	(1,235)
		985	(1,235)		–	(1,235)
Non-current						
CCIRS	33,265	–	(2,322)	33,265	–	(2,322)
Total derivatives		985	(3,557)		–	(3,557)

The Group uses forward currency contracts and Cross Currency Interest Rate Swap ("CCIRS") to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts

Forward currency contracts are used to hedge the Group's revenue and costs denominated in USD for which firm commitments existed at the reporting date.

CCIRS

CCIRS is used to hedge its exposure to interest risk and currency risk arising from its Istisna' Bond. As at 31 January 2011, the Company has outstanding CCIRS with staggered maturities at varying semi-annual amounts up to year 2015.

During the financial year, the Group recognised a gain of RM8,255,495 arising from fair value changes of derivative liabilities. The fair value changes are attributable to changes in foreign exchange spot and forward rate. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 38.

24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash on hand and at banks	322,457	411,859	93	203
Deposits with licensed banks	445,924	463,392	1,566	450
Cash and cash equivalents	768,381	875,251	1,659	653

Deposits with licensed banks of the Group amounting to RM33,772,005 (2010: RM14,054,635) are pledged as securities for credit facilities granted to certain subsidiaries.

Cash and cash equivalents of the Group amounting to RM301,969,329 (2010: RM338,100,569) are only available to certain companies in the Group.

Mandatory balances kept in the Finance Service Reserve Account amounted to RM8,855,174 (2010: RM8,921,061).

Included in cash and bank balances of the Group is an amount of RM15,592,826 (2010: RM26,342,102) 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 37.

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

	Group		Company	
	2011	2010	2011	2010
Interest rate (%)	1.94	1.76	1.25	1.78
Maturities (days)	1 – 31	1 – 28	1 – 3	1 – 2

25. SHARE CAPITAL AND SHARE PREMIUM

	Number of Ordinary Shares	Amount		
	Share Capital (Issued and Fully Paid) '000	Share Capital (Issued and Fully Paid) RM'000	Share Premium RM'000	Total RM'000
Ordinary shares of RM0.20 each:				
At 1 February 2010 and 31 January 2011	1,276,722	255,344	505,337	760,681
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 26)	7,759	1,551	5,078	6,629
– Option reserve (Note 27)	–	–	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

	Number of shares		Amount	
	2011 '000	2010 '000	2011 RM'000	2010 RM'000
Authorised share capital				
Ordinary shares of RM0.20 each				
At 1 February 2010/2009 and 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.

25. SHARE CAPITAL AND SHARE PREMIUM (cont'd.)

31 January 2010

(a) Ordinary shares issued pursuant to ESOS

During last financial 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 has 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 last financial 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.

26. EMPLOYEE BENEFITS

Employee Share Options Scheme ("ESOS")

The movement in the share options:

				Number of Share Options Movements during the year				
Grant Date	Expiry Date	Exercise Price RM	Outstanding at 1.2.2009 '000	Granted '000	Exercised '000	Lapsed '000	Outstanding at 31.1.2010 '000	Exercisable at 31.1.2010 '000
2009								
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)	–	–

27. OTHER RESERVES (NON-DISTRIBUTABLE)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Foreign exchange reserve	(86,598)	(23,257)	–	–
Revaluation reserve	13,309	13,309	–	–
Hedge reserve	(20,077)	–	–	–
Capital reserve	3,519	3,519	–	–
Merger reserve	51,989	51,989	–	–
	(37,858)	45,560	–	–

The movement in the reserves are as follows:

	Group	
	2011 RM'000	2010 RM'000
Foreign exchange reserve		
At 1 February 2010/2009	(23,257)	(3,195)
Exchange difference on translation of foreign subsidiaries and jointly controlled entities	(63,341)	(20,062)
At 31 January	(86,598)	(23,257)

	Group	
	2011 RM'000	2010 RM'000
Revaluation reserve		
At 1 February 2010/2009	13,309	7,998
Effect arising from the acquisition of the remaining shares in an associate	–	5,311
At 31 January	13,309	13,309

	Group and Company	
	2011 RM'000	2010 RM'000
Share option reserve		
At 1 February 2010/2009	–	347
Share options granted under ESOS:		
Exercised during the year (Note 25)	–	(311)
Share options lapsed during the year	–	(36)
At 31 January	–	–

27. OTHER RESERVES (NON-DISTRIBUTABLE) (cont'd.)

	Group 2011 RM'000
Hedge reserve	
At 1 February 2010	–
Effect arising from adoption of FRS 139	(16,873)
Losses capitalised to initial carrying amount of hedge items	(3,204)
At 31 January	(20,077)

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.

(f) Hedge reserve

The hedge reserve represents the share of hedge reserve from a jointly controlled entity. Further details are disclosed in Note 17(c).

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedge instruments related to hedged transactions that have not yet occurred.

28. AMOUNT DUE TO SUBSIDIARIES

	Company	
	2011 RM'000	2010 RM'000
Current		
Amount due to subsidiaries	80,812	42,174
Non-current		
Amount due to subsidiaries	162,587	186,171

Amount due to subsidiaries are unsecured, interest free and repayable on demand, except for RM2,003,550 (2010: RM2,003,550) which is subject to interest rate of 7.5% (2010: 7.5%) per annum.

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

Other information on financial risks of amount due to subsidiaries are disclosed in Note 37.

29. BORROWINGS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Short term borrowings				
Secured:				
Term loans	44,359	43,315	–	–
Revolving credits	89,662	118,971	–	–
MCPs/MMTNs (Note 31)	98,585	98,598	–	–
Hire purchase and finance lease liabilities (Note 30)	122,478	1,230	–	145
	355,084	262,114	–	145
Unsecured:				
Revolving credits	55,000	29,000	7,000	7,000
Bankers' acceptances	3,251	5,605	–	–
Term loans	1,084	878	–	–
	59,335	35,483	7,000	7,000
	414,419	297,597	7,000	7,145

29. BORROWINGS (cont'd.)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Long term borrowings				
Secured:				
Term loans	115,844	158,135	–	–
Ijarah Facilities (Note 32)	38,274	–		
Istisna' Bonds (Note 31)	247,465	246,448	–	–
Hire purchase and finance lease liabilities (Note 30)	669	728	–	4
	402,252	405,311	–	4
Total borrowings				
Term loans	161,287	202,328	–	–
Revolving credits	144,662	147,971	7,000	7,000
Bankers' acceptances	3,251	5,605	–	–
Ijarah Facilities (Note 32)	38,274	–	–	
Istisna' Bonds and MCPs/MMTNs (Note 31)	346,050	345,046	–	–
Hire purchase and finance lease liabilities (Note 30)	123,147	1,958	–	149
	816,671	702,908	7,000	7,149
Maturity of borrowings:				
(excluding hire purchase and finance lease):				
Within one year	291,695	296,367	7,000	7,000
More than 1 year and less than 2 years	171,611	43,315	–	–
More than 2 years and less than 5 years	213,204	292,263	–	–
5 years or more	17,014	69,005	–	–
	693,524	700,950	7,000	7,000

29. BORROWINGS (cont'd.)

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	
	2011 %	2010 %	2011 %	2010 %
Bank overdrafts	7.0 to 8.5	7.05 to 7.95	7.0 to 8.0	7.05 to 7.45
Term loans	1.43 to 6.79	1.16 to 4.53	–	–
Revolving credits	2.14 to 6.38	1.89 to 7.50	4.15 to 4.81	4.30 to 5.55
Bankers' acceptances	4.03 to 4.48	3.29 to 3.44	–	–

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 24; 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.

30. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Future minimum lease payments:				
Not later than 1 year	122,512	1,585	–	173
Later than 1 year and not later than 2 years	374	749	–	5
Later than 2 year and not later than 5 years	392	–	–	–
Total future minimum lease payment	123,278	2,334	–	178
Less: Future finance charges	(131)	(376)	–	(29)
Present value of hire purchase and finance lease liabilities (Note 29)	123,147	1,958	–	149
Analysis of present value of hire purchase and finance lease liabilities:				
Not later than 1 year	122,471	1,230	–	145
Later than 1 year and not later than 2 years	502	728	–	4
Later than 2 year and not later than 5 years	174	–	–	–
	123,147	1,958	–	149
Due within 12 months (Note 29)	(122,478)	(1,230)	–	(145)
Due after 12 months (Note 29)	669	728	–	4

The Group's and the Company's hire purchase and finance lease liabilities bore effective interest rates ranging from 5% to 17% (2010: 5% to 17%) per annum.

Other information of financial risks of hire purchase and finance lease liabilities are disclosed in Note 37.

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

The amounts recognised in the statement of financial position of the Group is analysed as follows:

	2011 RM'000	2010 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	4,482	3,465
Amount included within borrowings	247,465	246,448
MCPs/MMTNs (current)		
Nominal value	100,000	100,000
Less: Discount and issuance expenses	(15,815)	(9,830)
Net proceeds from issuance of MCPs/MMTNs	84,185	90,170
Amortisation of discount	14,400	8,428
Amount included within borrowings	98,585	98,598
Total amount included within borrowings	346,050	345,046
Maturity of Istisna' Bonds and MCPs/MMTNs:		
Within 1 year	98,585	98,598
More than 2 years and less than 5 years	247,465	177,443
5 years or more	–	69,005
	346,050	345,046

The Istisna' Bonds and MCPs/MMTNs are secured by the following:

(i) Debenture from Bayu Padu Sdn. Bhd., a wholly owned subsidiary of the Company, charged over all its asset and properties;

(ii) Assignment over receivables and Bai' Bithaman Ajil Agreement by a subsidiary and the Company in respect of a strategic vessel;

(iii) Assignment and Supplemental Assignment over Designated Accounts by a subsidiary;

(iv) A guarantee and Supplemental Guarantee from the Company to secure the payment and repayment of the Istisna' Bonds and MMTNs;

(v) A priority and Security Sharing Agreement and Supplemental Priority and Security Sharing Agreement to regulate the priority and security sharing among the Company, certain subsidiaries and Security Agent;

(vi) Mortgage on a vessel created by a subsidiary in favour of Security Agent.

(vii) Deed of Covenant between Security Agent and a subsidiary;

(viii) Debenture between Security Agent and a subsidiary charged over all its assets and properties;

(ix) Specific Debenture between Security Agent and a subsidiary on certain assets;

(x) Assignment between Security Agent and a subsidiary assigning the Sale and Purchase Agreement for certain assets; and

"The Istisna' Bonds and MCPs/MMTNs bear coupon rates ranging from 5.20% to 7.55% (2010: 5% to 7.55%) per annum.

32. IJARAH FACILITIES

The amounts recognised in the statement of financial position of the Group is analysed as follows:

	2011 RM'000
Non-current	
Nominal value	54,692
Less: Issuance expenses	(16,723)
Net proceeds from issuance of Ijarah Facilities	37,969
Amortisation of issuance expenses	305
Amount included within borrowings	38,274

	2011 RM'000
Maturity of Ijarah Facilities:	
Within 1 year	–
More than 2 years and less than 5 years	21,260
5 years or more	17,014
	38,274

On 6 December 2010, the Group has entered into a Syndicated Islamic Facilities comprise of:

(a) The Ijarah term financing-i facility under the Syariah principle of Ijarah Muntahiah bi al-Tamlik of up to RM495 million and USD58.5 million (RM179 million); and

(b) The revolving credit facility-i and the short term revolving credit-i facility under the Syariah principle of Bai' Al-Inah of up to RM55 million and USD3.5 million (RM10.7 million).

32. IJARAH FACILITIES (cont'd.)

The Syndicated Islamic Facilities are secured by the following:

(i) Mortgage of a vessel by a subsidiary.

(ii) Debenture from Aurabayu Sdn. Bhd. ("Aurabayu"), a wholly owned subsidiary of the Company, creating a first fixed and floating charge over all its asset and properties;

(iii) A priority and Security Sharing Agreement and Supplemental Priority and to regulate the priority and security sharing among the Company, Aurabayu, certain subsidiaries and Maybank Investment Bank;

(iv) Assignment over Designated Accounts by certain subsidiaries;

(v) Assignment over Revenue Accounts by certain subsidiaries;

(vi) Assignment of dividend created by certain subsidiaries;

(vii) Assignment over revenue proceeds by certain subsidiaries;

(viii) Assignment and Supplemental Assignment over contract proceeds by certain subsidiaries;

(ix) Mortgage over certain vessels and deed of covenants between Maybank Investment Bank and certain subsidiaries; and

(x) Corporate guarantee by the Company to secure the payment and repayment of Ijarah Facilities;

The Facilities bore effective interest rate of 4.02% per annum.

33. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade payables				
Third parties	1,240,123	1,018,092	–	–
Other payables				
Rig refurbishment payables	4,785	26,235	–	–
Staff costs	51,033	41,545	13,668	7,409
Accrued expenses	66,305	37,414	16,191	21,426
Sundry payables	16,280	45,927	833	8,265
	138,403	151,121	30,692	37,100
Amount due to:				
Sapura Group of companies	7,426	1,027	4,697	227
	1,385,952	1,170,240	35,389	37,327

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 90 days (2010: 30 days to 90 days).

(b) Other payables

Other payables are non-interest bearing and the normal credit terms granted to the Group range from 7 days to 90 days (2010: 7 days to 90 days).

(c) Amount due to Sapura Group of companies

These amounts are unsecured, non-interest bearing and are repayable on demand.

35. COMMITMENTS

	Group	
	2011 RM'000	2010 RM'000
(a) Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	47,086	95,447
Approved but not contracted for:		
Property, plant and equipment	18,879	66,981
	65,965	162,428
Share of capital commitments of jointly controlled entities	30,453	64,836
	96,418	227,264

34. COMMITMENTS (cont'd.)

	Group 2011 RM'000	Group 2010 RM'000
(b) Operating leases		
Non-cancellable operating commitments as lessee		
– Within 1 year	7,176	3,705
– Later than 1 year but not more than 5 years	8,027	3,425
	15,203	7,130

The Group leases premises under non-cancellable operating leases expiring within 4 years (2010: 4 years). The leases have various terms and escalation clauses.

35. CORPORATE GUARANTEES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Secured				
Corporate guarantees given to financial institutions for credit facilities granted to				
– subsidiaries	–	–	492,126	448,014
– jointly controlled entities	496,639	542,504	496,639	542,504
	496,639	542,504	988,765	990,518
Unsecured				
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	–	–	114,506	137,817
	496,639	542,504	1,103,271	1,128,335

The fair value of the corporate guarantees given to financial institutions for credit facilities granted to subsidiaries and jointly controlled entities is deemed immaterial as the value of the underlying collateral provided by the respective subsidiaries is sufficient to cover the outstanding loan amounts.

The corporate guarantee 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 RM185.2 million (2010: RM114.2 million) to third parties to ensure performance of contracts by certain subsidiaries.

36. 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 2011 RM'000	Transactions 2010 RM'000
Group		
(a) Technical services provided by Seadrill Asia Limited*	12,178	13,759
(b) Bareboat rental received/receivable from Seadrill Asia Limited* and/or its related companies	33,907	42,559
(c) Bareboat rental paid/payable to Seadrill Asia Limited* and/or its related companies	152,403	113,471
(d) Management fees payable/paid to a substantial Corporate Shareholder, Sapura Holding Sdn. Bhd. #	20,000	20,000
(e) Rent of office premises from :		
– Merapi Sdn. Bhd.#	416	194
– Sapura Resources Berhad #	6,405	6,400
(f) Support and maintenance services for information technology rendered by:		
– Sapura Synergy (Malaysia) Sdn. Bhd. #	577	1,018
– Sapura Technology Berhad ("STB") #	546	–
(g) Information technology consultancy fee charged by STB #	4,931	–
Company		
(a) Dividend income from:		
– Probadi Sdn. Bhd.	86,400	78,624
– TL Offshore Sdn. Bhd.	32,500	17,000
(b) Rent of office premises from Sapura Resources Berhad #	2,398	2,431
(c) Interest charged to subsidiaries:		
– Sapura Energy Sdn. Bhd.	4,087	3,955
– Prominent Energy Sdn. Bhd.	3,036	2,745
– Sapura Retail Solutions Sdn. Bhd.	126	241
– Sarku Engineering Services Sdn. Bhd.	–	2,935
– Total Marine Technology Pty. Ltd.	787	750
(d) Management fees payable/paid to a substantial Corporate Shareholder, Sapura Holdings Sdn. Bhd. #	20,000	20,000
(e) Support and maintenance services for information technology rendered by Sapura Synergy (Malaysia) Sdn. Bhd. #	174	319
(f) Support and maintenance services for information technology rendered by STB #	331	–

* 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.

36. RELATED PARTY DISCLOSURES (cont'd.)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Short term employee benefits	23,823	20,177	9,946	8,283
Contributions to defined contribution plan – EPF	2,968	2,542	1,521	1,231

Included in the total key management personnel compensation are:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors' remuneration (Note 9)	7,274	7,463	3,645	2,395

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	
	2011 '000	2010 '000
At 1 February	–	5,943
Exercised	–	(5,943)
At 31 January	–	–

In the previous year, share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 26).

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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 currencies, 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.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

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

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group will fluctuate because of changes in market interest rates.

The Group's earnings are affected by changes in interest rates due to the changes in interest bearing financial assets and liabilities, and operating lease arrangements. The Group's and the Company's exposure to interest rate risks arises primarily from their loans and borrowings.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes. In order to hedge its exposure to interest rate risks arising from its term loan, the Company enters into Cross Currency Interest Rate Swap ("CCIRS").

At the reporting date, after taking into account the effect of an interest rate swap, approximately 58% of the Group's borrowings are at fixed rates of interest.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of Group's profit net of tax (through the impact on interest expense on floating rate loans and borrowings).

	Increase/ (decrease) in basis points	2011 Effect on profit net of tax RM'000
Group		
– Ringgit Malaysia	+ 25	(264)
– US Dollar	+ 25	(548)
– Australian Dollar	+ 25	(47)
– Ringgit Malaysia	– 25	264
– US Dollar	– 25	548
– Australian Dollar	– 25	47
Company		
– Ringgit Malaysia	+ 25	(18)
– Ringgit Malaysia	– 25	18

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of the Group's financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from revenue or costs that are denominated in a currency other than the respective functional currencies of Group entities, primarily RM, Singapore Dollar ("SGD"), Australian Dollar ("AUD") and Indian Rupee ("INR"). The foreign currencies in which these transactions are denominated are mainly US Dollars ("USD").

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.

As at 31 January 2011, approximately 25% and 22% of the Group's receivables and payables are denominated in foreign currencies respectively.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD) amount to RM386,526,000 and RM912,000 for the Group and the Company respectively.

In managing the foreign currency rate fluctuations, the Group's foreign exchange hedging policy is to hedge up to 12 months forward with specific maximum and minimum percentage of hedge coverage. This approach may mitigate some of the Company's exposure to transaction and translation foreign exchange gain and loss, but the policy is not designed to fully eliminate foreign exchange risk.

At 31 January 2011, the Group hedged 42% of its foreign currency denominated payables respectively, for which firm commitments existed at the reporting date.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, SGD, EURO, INR and AUD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Profit net of tax	
		Group 2011 RM'000	Company 2010 RM'000
USD/RM	– strengthened 1%	5,148	9
	– weakened 1%	(5,148)	(9)
SGD/RM	– strengthened 1%	(1,315)	–
	– weakened 1%	1,315	–
EUR/RM	– strengthened 1%	(131)	–
	– weakened 1%	131	–
INR/RM	– strengthened 1%	479	–
	– weakened 1%	(479)	–
USD/SGD	– strengthened 1%	29	–
	– weakened 1%	(29)	–
USD/AUD	– strengthened 1%	33	–
	– weakened 1%	(33)	–

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group 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.

At the reporting date, approximately 51% and 100% of the Group's and Company's loans and borrowings (Note 29) will mature in less than one year based on the carrying amount reflected in the financial statements respectively.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2011			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	541,346	–	–	541,346
Loans and borrowings	434,541	444,021	17,949	896,511
Derivatives	1,235	2,322	–	3,557
Total undiscounted financial liabilities	977,122	446,343	17,949	1,441,414
Company				
Financial liabilities:				
Amount due to subsidiaries	80,812	162,587	–	243,399
Other payables	5,530	–	–	5,530
Loan and borrowings	7,000	–	–	7,000
Derivatives	1,235	2,322	–	3,557
Total undiscounted financial liabilities	94,577	164,909	–	259,486

* At the reporting date, the counterparty to the financial guarantees does not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

(d) Credit risk

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

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.

For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

– The carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values

– Corporate guarantees provided by the Group and the Company of RM496 million and RM1.1 billion respectively (Note 35).

Information regarding credit enhancements for trade and other receivables is disclosed in Note 21.

Credit risk concentration profile

The Group determines concentrations of credit risk by operating segment profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group 2011	
	RM'000	% of total
By operating segment		
Installation of pipelines and facilities	830,341	68%
Offshore Oil and Gas Drilling	154,109	13%
Marine Services	175,822	14%
Operations and maintenance	63,283	5%
	1,223,555	100%

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

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 21. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

38. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The accounting policies in Note 2.13 and Note 2.19 describe how the categories of financial instruments are measured, and how income and expenses, including changes in fair value, are recognised.

The table below reflects the financial assets and liabilities in the statement of financial position by the categories of financial instrument to which they are assigned:

2011	Note	Loans and Receivables RM'000	Other financial liabilities RM'000	Fair value through profit or loss RM'000	Total RM'000
Group					
Assets					
Trade and other receivables	21	551,646	–	–	551,646
Cash and bank balances	24	768,381	–	–	768,381
Derivatives	23	–	–	985	985
Total financial assets		1,320,027	–	985	1,321,012
Total non-financial assets					2,318,580
Total assets					3,639,592
Liabilities					
Trade and other payables	33	–	541,346	–	541,346
Borrowings	29	–	816,671	–	816,671
Derivatives	23	–	–	3,557	3,557
Total financial liabilities		–	1,358,017	3,557	1,361,574
Total non-financial liabilities					856,608
Total liabilities					2,218,182
Company					
Assets					
Amount due from subsidiaries	20	716,087	–	–	716,087
Trade and other receivables	21	1,283	–	–	1,283
Cash and bank balances	24	1,659	–	–	1,659
Total financial assets		719,029	–	–	719,029
Total non-financial assets					249,850
Total assets					968,879
Liabilities					
Amount due to subsidiaries	28	–	243,399	–	243,399
Trade and other payables	33	–	19,198	–	19,198
Borrowings	29	–	7,000	–	7,000
Derivatives	23	–	–	3,557	3,557
Total financial liabilities		–	269,597	3,557	273,154
Total non-financial liabilities					23,712
Total liabilities					296,866

38. FINANCIAL INSTRUMENTS (cont'd.)

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Group	
	Carrying amount RM'000	Fair value RM'000
Financial Liabilities:		
As at 31 January 2011:		
Istisna' Bonds and MCPs/MMTNs	346,050	356,405
Hire purchase and lease payables	123,147	123,002
As at 31 January 2010:		
Istisna' Bonds and MCPs/MMTNs	345,046	349,773
Hire purchase and lease payables	1,958	1,869

(c) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	21
Trade and other payables	33
Loans and borrowings (current, excluding those in Note 38(b))	29
Amount due from subsidiaries	20
Amount due to subsidiaries	28

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, due to their short-term nature.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair value of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing arrangements at the reporting date.

Derivatives

Forward currency contracts and cross currencies interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates and interest rate curves.

39. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's endeavours to maintain healthy gearing ratio and regularly monitor the gearing level to ensure compliance with loans covenant. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes total equity less non-distributable reserves.

No changes were made in the objectives, policies or processes during the years ended 31 January 2011 and 31 January 2010.

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Loans and borrowings	29	816,671	702,908	7,000	7,149
Trade and other payables	33	1,385,952	1,170,240	35,389	37,327
Less: Cash and bank balances	24	(768,381)	(875,251)	(1,659)	(653)
Net debt		1,434,242	997,897	40,730	43,823
Total equity		1,421,410	1,460,320	672,013	646,325
Less: Non-distributable reserves		(467,479)	(550,897)	(505,337)	(505,337)
Total capital		953,931	909,423	166,676	140,988
Capital and net debt		2,388,173	1,907,320	207,406	184,811
Gearing ratio		60%	52%	20%	24%

40. SEGMENT INFORMATION

(a) Operating segments

For management purposes, the Group is organised into business units based on their products and services, and has four major reportable operating segments as follows:

(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;

(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; and

(v) Corporate and others – investment holding and provision of management services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Corporate assets, group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on negotiated basis in a manner similar to transactions with third parties.

40. SEGMENT INFORMATION (cont'd.)

(a) Operating segments (cont'd.)

	Installation of Pipelines and Facilities RM'000	Offshore Oil and Gas Drilling RM'000	Marine Services RM'000	Operations and Maintenance RM'000	Corporate and Others RM'000	Eliminations RM'000	Consolidated RM'000
31 January 2011							
Revenue							
External sales	1,900,685	804,928	383,612	90,736	–	–	3,179,961
Inter-segment sales	–	–	283,270	1,154	412,580	(697,004)	–
Total revenue	1,900,685	804,928	666,882	91,890	412,580	(697,004)	3,179,961
Results							
Operating results	134,867	300,652	(30,013)	9,800	205,823	(274,585)	346,544
Finance costs							(38,204)
Interest income							4,195
Share of results of associates	–	–	–	(438)	–	–	(438)
Share of results of jointly controlled entities	103,051	–	–	–	–	–	103,051
Profit before tax							415,148
Income tax expense							(40,633)
Profit net of tax							374,515
Non controlling interests							(143,070)
Profit for the year attributable to owners of the Parent							231,445
Assets							
Segment assets	1,123,455	991,288	987,704	80,135	678,653	(488,106)	3,373,129
Investments in associates	–	–	–	6,080	–	–	6,080
Investments in jointly controlled entities	223,106	–	–	–	307	–	223,413
Unallocated corporate assets							36,970
Consolidated total assets							3,639,592
Liabilities							
Segment liabilities	888,012	199,036	730,881	65,239	59,075	(556,293)	1,385,950
Unallocated corporate liabilities							832,232
Consolidated total liabilities							2,218,182
Other Information							
Capital expenditure	5,182	15,430	256,625	5,299	606	–	283,142
Depreciation	1,961	42,881	43,089	1,376	791	–	90,098
Non-cash expense/(income) other than depreciation, amortisation and impairment losses	2,028	873	3,072	348	58,504	(40,105)	24,720

40. SEGMENT INFORMATION (cont'd.)

(a) Operating segments (cont'd.)

	Installation of Pipelines and Facilities RM'000	Offshore Oil and Gas Drilling RM'000	Marine Services RM'000	Operations and Maintenance RM'000	Corporate and Others RM'000	Eliminations RM'000	Consolidated RM'000
31 January 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 net of tax							335,254
Non controlling interests							(163,219)
Profit for the year attributable to owners of the Parent							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
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

40. SEGMENT INFORMATION (cont'd.)

(b) Geographical information

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 areas:

	2011 RM'000	2010 RM'000
Total revenue from external customers		
Malaysia	3,094,804	3,154,716
Singapore	31,561	45,649
Australia	53,596	56,678
Consolidated	3,179,961	3,257,043

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

	2011 RM'000	2010 RM'000
Segment assets		
Malaysia	3,195,450	2,986,648
Singapore	30,740	49,739
Australia	146,939	84,374
Consolidated	3,373,129	3,120,761
Capital expenditure		
Malaysia	229,633	67,697
Singapore	925	986
Australia	52,584	10,922
Consolidated	283,142	79,605

41. SUBSIDIARIES AND ACTIVITIES

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of ownership interest 2011 %	2010 %
(a) Subsidiaries of SapuraCrest Petroleum Berhad				
Aurabayu Sdn. Bhd.	Malaysia	Special Purpose Vehicle for the Ijarah Facilities	100	100
SapuraCrest Deepwater Pte. Ltd.	Bermuda	Chartering and hiring out of barges	100	100
TL GeoSciences Sdn. Bhd.	Malaysia	Provision of offshore geotechnical and geophysical services	100	100
Sapura Energy Sdn. Bhd.	Malaysia	Investment holding, provision of operation and maintenance services, provision of management services and lease financing	100	100
Petcon (Malaysia) Sdn. Bhd.	Malaysia	License holder for drilling of offshore oilwells	100	100
SapuraCrest Ventures Sdn. Bhd. (formerly known as Petro-Plus Sdn. Bhd.)	Malaysia	Investment holding	100	100
Crest Hidayat (L) Ltd.	Federal Territory of Labuan, Malaysia	Dormant	100	100
Sasaran Perdana Sdn. Bhd.	Malaysia	Dormant	100	100
SapuraCrest Dana SPV Pte. Ltd.	Federal Territory of Labuan, Malaysia	Chartering and hiring out of barges	100	100
+ Probadi Sdn. Bhd.	Malaysia	Investment holding	100	100
Bayu Padu Sdn. Bhd.	Malaysia	Special Purpose Vehicle for the Istisna' Bonds, MCPs and MMTNs	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
Geomark Sdn. Bhd.	Malaysia	Investment holding	100	100
Sapura Energy Ventures Sdn. Bhd. (formerly known as EnergyMaster Sdn. Bhd.)	Malaysia	Dormant	100	–
Energy Way Sdn. Bhd.	Malaysia	Investment holding	100	–

\+ Subsidiaries consolidated under the merger method of accounting.

41. SUBSIDIARIES AND ACTIVITIES (cont'd.)

(a) Subsidiaries of SapuraCrest Petroleum Berhad (cont'd.)

(i) On 15 June 2010, the Company has acquired the entire issued shares of a shelf private limited company incorporated in Malaysia known as Energy Way Sdn Bhd ("Energy Way") for a total consideration of RM2.00. Energy Way has not commenced operations since its incorporation on 18 March 2010 and its issued share capital comprises 2 fully paid shares of RM1.00 each.

(ii) On 5 January 2011, the Company increased its investment in a wholly owned subsidiary, TL Geosciences Sdn. Bhd. by RM1.5 million.

(iii) On 26 January 2011, the Company has acquired the entire issued shares of a shelf private limited company incorporated in Malaysia, known as Energy Master Sdn Bhd at a total cash consideration of RM2.00. Energy Master Sdn Bhd subsequently changed its name to Sapura Energy Ventures Sdn Bhd.

Name of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of ownership interest 2011 %	2010 %
(b) Held through Probadi Sdn. Bhd.				
* Tioman Drilling Company Sdn. Bhd.	Malaysia	Managing rigs involved in drilling offshore oilwells under contracts	51	51
* Varia Perdana Sdn. Bhd.	Malaysia	Drilling of offshore oilwells under contracts and managing of rigs chartered out as bareboats	51	51
* Crest Tender Rigs Pte. Ltd.	Federal Territory of Labuan, Malaysia	Leasing of vessels/barges	51	51
(c) Held through TL Offshore Sdn. Bhd.				
* Total Marine Technology Pty. Ltd.	Australia	Development of marine technology and marine chartering, specialising on ROVs	94	94
* Exercise Pty. Ltd	Australia	Owner and operator of ROVs for the offshore oil and gas industries	94	94
* Babalon Pty. Ltd	Australia	Owner and operator of ROVs for the offshore oil and gas industries	94	94
(d) Held through TL GeoSciences Sdn. Bhd.				
TL Geohydrographics Sdn. Bhd.	Malaysia	Hydrographic surveys and related services	100	100
# 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	100
# TL Geohydrographics Pty. Ltd.	Australia	Hydrographic surveys and related services	100	100
* TL Oilserve Sdn. Bhd.	Malaysia	Provision of marine vessel transportation services	100	100
* Oilserve (L) Berhad	Federal Territory of Labuan, Malaysia	Leasing of vessels/barges	100	100

* Audited by firms other than Ernst & Young
\# Audited by affiliate of Ernst & Young, Malaysia

41. SUBSIDIARIES AND ACTIVITIES (cont'd.)

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

(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:

	2010 RM'000
Purchase consideration satisfied by cash	18,000
Less: Non controlling interests acquired	(23,810)
Reserve arising from additional investment in subsidiary (Note 5)	(5,810)

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

	2010 Fairvalue recognised on acquisition RM'000	2010 Acquiree's carrying amount RM'000
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)

41. 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:

	2010 RM'000
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 2011 %	Proportion of ownership interest 2010 %
(e) Held through Sapura Energy Sdn. Bhd.				
Sapura Diving Services Sdn. Bhd.	Malaysia	Provision of services relating to marine, oil and gas industries	100	100
Sapura Retail Solutions Sdn. Bhd.	Malaysia	Retail automation systems and maintenance services	100	100
SE Projects Sdn. Bhd.	Malaysia	Systems integration, software development, general engineering, maintenance and related activities	100	100
Sapura Power Services Sdn. Bhd.	Malaysia	Provision of maintenance services to the power utility and oil and gas industries	94.4	94.4
Sapura Petroleum Technologies Sdn. Bhd.	Malaysia	Provision of maintenance services to the oil and gas industries	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

41. SUBSIDIARIES AND ACTIVITIES (cont'd.)

Name of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of ownership interest 2011 %	2010 %
(e) Held through Sapura Energy Sdn. Bhd. (cont'd.)				
* Sarku Resources Sdn. Bhd.	Malaysia	Investment holding and the 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 industries	100	100
* Sarku Marine Sdn. Bhd.	Malaysia	Chartering and hiring out of barges, vessels and operational equipment	100	100
* Sarku Engineering Services (Offshore) Sdn. Bhd.	Malaysia	Chartering and hiring out of barges, vessels and operational equipment	100	100
* Sarku 2000 Sdn. Bhd.	Malaysia	Dormant	100	100
* Sarku Samudera Sdn. Bhd.	Malaysia	Dormant	100	100
* Sarku Sambang Sdn. Bhd.	Malaysia	Dormant	100	100
* Sarku Semantan Sdn. Bhd.	Malaysia	Dormant	100	100
* Sarku Utama Sdn. Bhd.	Malaysia	Dormant	100	100
* Sarku Vessels Pte. Ltd.	Federal Territory of Labuan, Malaysia	Leasing of barges, vessels and operational equipment	100	100
* Prominent Energy Sdn. Bhd.	Malaysia	Leasing of barges, vessels and operational equipment	100	100
(f) Held through Energy Way Sdn. Bhd.				
# Nautical Bay Pte. Ltd.	Singapore	Provision of man power and procurement services	100	–
(g) Held through Nautical Bay Pte. Ltd.				
# Nautical Power Pte. Ltd.	Singapore	Investment holding	100	–

On 17 June 2010, Energy Way has subscribed for the entire issued and paid up capital of Nautical Bay Pte Ltd comprising of 2 shares of S$1 each. Nautical Bay Pte Ltd in turn has subscribed for the entire issued and paid up capital of Nautical Power Pte Ltd comprising of 2 shares of S$1 each.

* Audited by firms other than Ernst & Young
\# Audited by affiliate of Ernst & Young, Malaysia

42. OTHER SIGNIFICANT EVENTS

In addition to the significant events disclosed in Notes 17 and 41, the other significant events are as follow:

(a) Tioman Drilling Company Sdn Bhd, a subsidiary of the Company received a Letter of Award dated 23 August 2010 from Carigali Hess Operating Company Sdn Bhd ("CHOC") and Carigali PTTEPI Operating Company Sdn Bhd ("CPOC") for the deployment to and utilisation by CHOC and CPOC of the drilling rig known as theT-6 ("T-6 Contract"). The T-6 Contract is expected to be for a period of 28 months commencing from 21 December 2010 with an option for 2 extensions of 3 months each. The value of the T-6 contract is approximately USD85 million (RM260 million).

(b) On 1 September 2010, Crest Tender Rigs Pte Ltd, a subsidiary of the Company was awarded a bareboat charter from Seadrill UK Limited ("Seadrill UK") for the bareboat charter of the T-10 to Seadrill UK ("T-10 Contract") to perform works under Seadrill Groups contract with Chevron for the development drilling offshore Thailand. The T-10 Contract is for a period of 24 months, commencing from January 2011. The value of the T-10 Contract is approximately USD49 million (RM150 million).

(c) SapuraAcergy Sdn Bhd, a joint venture of the Company was awarded a contract by PTTEP Australasia (Ashmore Cartier) Pty Ltd ("PTTEPAAA") dated 25 November 2010 for the provision of offshore transportation and construction activities for PTTEPAAA's Montara Development Project ("Works") in Australia. The Works are expected to be executed in calendar year 2011 and the value of the Works is approximately USD160 million (RM490 million).

(d) TL Offshore Sdn Bhd, a wholly owned subsidiary of the Company received a Letter of Award dated 19 January 2011 from PC Myanmar (Hong Kong) Limited ("PCML"), a subsidiary of Petroliam Nasional Berhad ("PETRONAS"), for the provision of transportation and installation of offshore facilities for PCML's Yetagun Phase 4 development ("Works"). The Works are expected to commence between October to November 2011 for a duration of 40 days. The value of the Works is approximately USD31.5 million (RM96 million).

(e) On 31 January 2011, Sapura Energy Ventures Sdn Bhd ("SEVSB"), a wholly owned subsidiary of the Company had entered into contracts to jointly develop and operate an oil and gas field. The Contracts that were entered into by SEVSB are:

  (i) A Risk Service Contract ("RSC") between Petroliam Nasional Berhad ("Petronas"), SEVSB, Kencana Energy Sdn Bhd ("Kencana Energy") and Petrofac Energy Developments Sdn Bhd ("PED") (SEVSB, Kencana Energy and PED are collectively referred to as "Operating Parties" or "Operating Party" if generally referred to individually) for the Operating Parties to carry out the development and production of petroleum resources from the Berantai Field; and

  (ii) A Joint Operating Agreement ("JOA") between the Operating Parties to jointly develop and produce petroleum resources from the Berantai field as provided in the RSC.

  (iii) Under the RSC, the Operating Parties shall be jointly responsible to provide a field development plan and to execute and complete the field development plan including the funding for the cost of development and to carry out production of petroleum resources from the Berantai field.

  The RSC will be for a total period of approximately 9 years, commencing from 31 January 2011. The project is targeting first gas by end of December 2011 with the first development phase of 18 wells expected to be completed before end of 2012.

  The interest of each Operating Party under the JOA is as follows:

SEVSB	25%
Kencana Energy	25%
PED	50%

  The total development cost including for the subsequent phase, to be incurred collectively by the Operating Parties, is estimated at this juncture at approximately USD800 million (RM2.45 billion).

43. DISCLOSURE OF REALISED AND UNREALISED PROFIT

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of reporting period, into realised and unrealised profits or losses. On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of retained profits of the Group and of the Company as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

	Company RM'000	Subsidiaries RM'000	Jointly Controlled Entities RM'000	Consolidation Adjustment RM'000	Group Retained Profits RM'000
As at 31 January 2011					
Realised (losses)/profits	(84,009)	241,075	79,034	135,824	371,924
Unrealised (losses)/profits	(4,659)	(4,881)	2,460	8,125	1,045
	(88,668)	236,194	81,494	143,949	372,969

Comparative information is not presented in the first financial year of application pursuant to the directive issued by Bursa Malaysia on 25 March 2010.

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

ANALYSIS OF SHAREHOLDINGS
AS AT 20 MAY 2011

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	:	13,095 Shareholders

DISTRIBUTION OF ORDINARY SHARES

Based on Record of Depositors as at 20 May 2011

Category By Size	No. of Shareholders		No. of Shares Held		%	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 100 shares	836	9	23,678	222	0.0019	0.0000
100 to 1,000 shares	4,396	71	3,258,011	59,174	0.2552	0.0046
1,001 to 10,000 shares	5,805	178	24,035,157	822,569	1.8826	0.0644
10,001 to 100,000 shares	1,296	104	40,614,074	3,808,924	3.1811	0.2983
100,001 to less than 5% of issued shares	300	97	305,532,625	110,541,030	23.9310	8.6582
5% and above of issued shares	2	1	486,894,964	301,132,020	38.1363	23.5863
SUB-TOTAL	12,635	460	860,358,509	416,363,939	67.3881	32.6119
TOTAL	**13,095**		**1,276,722,448**		**100.00**	

Classification of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares
Individual	10,557	80.62	73,250,249	5.74
Body Corporate:				
Banks / Finance Companies	56	0.43	36,747,326	2.88
Trusts / Foundations / Charities	7	0.05	531,000	0.04
Private Limited Companies	136	1.04	13,679,192	1.07
Government Agencies / Institutions	5	0.04	1,655,000	0.13
Nominees	2,334	17.82	1,150,859,681	90.14
TOTAL	**13,095**	**100.00**	**1,276,722,448**	**100.00**

ANALYSIS OF SHAREHOLDINGS (cont'd.)
AS AT 20 MAY 2011

Location of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of shares
Malaysia	12,967	99.02	1,275,158,716	99.88
Singapore	94	0.72	1,333,088	0.10
United Kingdom	4	0.03	109,022	0.01
Hong Kong	2	0.02	14,000	0.00
Australia	7	0.05	27,722	0.00
Japan	1	0.01	4,500	0.00
America	4	0.03	35,000	0.00
France	1	0.01	3,000	0.00
Taiwan	1	0.01	10,000	0.00
Thailand	1	0.01	2,700	0.00
New Zealand	1	0.01	1,500	0.00
Brunei	8	0.06	14,200	0.00
Others	4	0.03	9,000	0.00
TOTAL	**13,095**	**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 20 May 2011

Director	Direct Interest		Deemed Interest	
	No. of Shares Held	%	No. of Shares Held	%
Dato' Hamzah Bakar	2,500,000	0.196	–	–
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
Datuk Kris Azman Abdullah	–	–	–	–
Ungku Suleiman Ungku Abdul Aziz	–	–	–	–
Syed Hasan Saifud-Deen Abdul-Basseer Alsagoff	–	–	–	–

Notes:

*1 Deemed interested by virtue of his direct and indirect interest in Sapura Technology Berhad, Sapura Holdings Sdn Bhd, Indera Permai Sdn Bhd, Sapura Capital Sdn Bhd and Sapura Resources Berhad 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 20 May 2011

Shareholder	Direct Interest		Indirect Interest	
	No. of Shares Held	%	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	91,973,847	7.204	–	–

Notes:

*1 Deemed interested by virtue of its direct interest in Sapura Technology Berhad, Indera Permai Sdn Bhd, Sapura Capital Sdn Bhd and Sapura Resources Berhad 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, Sapura Capital Sdn Bhd and Sapura Resources Berhad pursuant to Section 6A of the Companies Act, 1965.

30 LARGEST SHAREHOLDERS

Based on Record of Depositors as at 20 May 2011

No.	Name	No. of Shares Held	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD SAPURA TECHNOLOGY BERHAD	384,330,861	30.103
2	CARTABAN NOMINEES (ASING) SDN BHD NORDEA BANK NORGE ASA FOR SEADRILL LIMITED	301,132,020	23.586
3	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAPURA TECHNOLOGY BERHAD (591001)	102,564,103	8.033
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	53,869,947	4.219
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR SAPURA CAPITAL SDN BHD (PB)	23,699,600	1.856
6	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NA, SINGAPORE (JULIUS BAER)	11,640,000	0.912
7	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS SECURITIES SERVICES	10,016,300	0.785
8	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (NORGES BK NLEND)	9,281,600	0.727
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	9,116,200	0.714
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PRUDENTIAL FUND MANAGEMENT BERHAD	7,958,300	0.623

ANALYSIS OF SHAREHOLDINGS (cont'd.)
AS AT 20 MAY 2011

No.	Name	No. of Shares Held	%
11	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	7,674,700	0.601
12	CITIGROUP NOMINEES (TEMPATAN) SDN BHD ING INSURANCE BERHAD (INV-IL PAR)	7,463,150	0.585
13	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)	6,623,700	0.519
14	SBB NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	6,201,200	0.486
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	5,858,200	0.459
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AM INV)	5,750,000	0.450
17	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC (CLIENT)	5,500,000	0.431
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (HDBS)	5,358,600	0.420
19	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT ENTERPRISES FUND	5,217,300	0.409
20	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)	5,000,000	0.392
21	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR)	4,949,800	0.388
22	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	4,722,300	0.370
23	VALUECAP SDN BHD	4,417,200	0.346
24	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG SINGAPORE FOR DELTA ASIA INVESTMENTS LIMITED	4,400,000	0.345
25	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (DENMARK)	4,301,000	0.337
26	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (KIB)	4,040,400	0.316
27	DATUK SHAHRIL SHAMSUDDIN	4,023,958	0.315
28	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR DEUTSCHE BANK AG LONDON (PRIME BROKERAGE)	4,000,000	0.313
29	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 2)	3,793,600	0.297
30	HSBC NOMINEES (ASING) SDN BHD BNY BRUSSELS FOR POWERSHARES DWA EMERGING MARKETS TECHNICAL LEADERS PORTFOLIO	3,604,100	0.282
		1,016,508,139	79.619

PROXY FORM

SapuraCrest Petroleum
SapuraCrest Petroleum Berhad (45631-D)

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 32nd 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 Wednesday, 6 July 2011 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	Payment of a single-tier final dividend.		
ORDINARY RESOLUTION 2	Payment of Directors' fees.		
ORDINARY RESOLUTION 3	Re-election of Datuk Shahril Shamsuddin.		
ORDINARY RESOLUTION 4	Re-election of Tan Sri Ibrahim Menudin.		
ORDINARY RESOLUTION 5	Re-election of Dato' Fauziah Dato' Ismail.		
ORDINARY RESOLUTION 6	Re-election of Datuk Kris Azman Abdullah.		
ORDINARY RESOLUTION 7	Re-election of YM Ungku Suleiman Ungku Abdul Aziz.		
ORDINARY RESOLUTION 8	Re-appointment of Messrs Ernst & Young as Auditors of the Company.		
ORDINARY RESOLUTION 9	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 ______________ 2011

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, Sheraton 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)

STAMP

Mega Corporate Services Sdn Bhd

Level 15-2 Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia