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annual report
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annual report 2010

Sapura Industrial Berhad (17547-W)

Building On Values



Sapura Industrial Berhad (17547-W)
Lot 2 & 4, Jalan P/11, Seksyen 10, Kawasan Perindustrian Bangi,
43650 Bandar Baru Bangi, Selangor Darul Ehsan, Malaysia.
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34th Annual General Meeting

Date : Wednesday, 21 July 2010

Time : 11.00 a.m.

Venue : Multi-Purpose Hall, Ground Floor

Sapura @ Mines, No.7, Jalan Tasik

The Mines Resort City, 43300 Seri Kembangan

Selangor Darul Ehsan



The image is a composite of two photographs. The left side shows a large industrial building with a prominent blue steel frame and skylights. The right side shows a worker in a white hard hat and uniform operating machinery in a factory setting. The worker is positioned in the foreground, looking towards the right. The background shows various industrial components and machinery, including a large robotic arm. The overall scene is a busy manufacturing environment.

BUILDING ON VALUES

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

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

Our Core Values

Honourable, Professional, Resourceful, Resilient, Agile

NOTICE OF ANNUAL GENERAL MEETING

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NOTICE IS HEREBY GIVEN THAT the 34th 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, 21 July 2010 at 11.00 a.m. to transact the following businesses:

AGENDA

ORDINARY BUSINESS

1. To lay the Audited Financial Statements together with the Directors' and Auditors' reports for the financial year ended 31 January 2010.
Ordinary Resolution 1
2. To approve the payment of a first and final tax exempt dividend of 5 sen per ordinary share in respect of the financial year ended 31 January 2010.
Ordinary Resolution 2
3. To re-elect the following Directors who retire pursuant to Article 109 of the Articles of Association of the Company and being eligible, offer themselves for re-election:
 - i. Datuk Kisai bin Rahmat
Ordinary Resolution 3
 - ii. Encik Ir. Md. Shah bin Hussin
Ordinary Resolution 4
 - iii. Encik Shahrman bin Shamsuddin
Ordinary Resolution 5
4. To re-appoint Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir who retires pursuant to Section 129(1) and (6) of the Companies Act, 1965 and

being eligible, offers himself for re-appointment.

Ordinary Resolution 6

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

SPECIAL BUSINESS

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

6. DIRECTORS' FEES

To approve the Directors' fees for the financial year ended 31 January 2010.

Ordinary Resolution 8

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

"THAT subject to the provisions of the Company's Articles of Association and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at any time

and upon such terms and conditions and for such purpose as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as at the date of such issuance and that the Directors be and are also empowered to obtain all necessary approvals from the relevant authorities for the issuance and the listing of and quotation for the additional shares so issued on Bursa Malaysia and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Ordinary Resolution 9

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a first and final tax exempt dividend of 5 sen per ordinary share in respect of the financial year ended 31 January 2010, if approved by the shareholders at the 34th Annual General Meeting, will be payable on 19 August 2010 to Depositors registered in the Record of Depositors at the close of business on 29 July 2010.

A Depositor shall qualify for entitlement only in respect of:

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 29 July 2010 in respect of ordinary transfers; and
- b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

LIYANA LEE BINTI ABDULLAH
(MIA 10293)

Company Secretary

Bandar Baru Bangi, Selangor Darul Ehsan
29 June 2010

NOTES:

1. Proxy Forms

A member of the Company who is entitled to attend and vote at this Meeting is entitled to appoint not more than 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 at least one (1) proxy 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 two (2) proxies to attend and vote, 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 of the corporation duly authorised.

The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 2 & 4, Jalan P/11, Seksyen 10, Kawasan Perindustrian Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan, not less than forty eight (48) hours before the time set for holding the Meeting or any adjournment thereof.

2. Corporate Representative

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

3. Directors' Fees

The Directors' fees for the financial year ended 31 January 2010 amounted to RM218,500.

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

The proposed Ordinary Resolution 9, if passed, would, subject to the Listing Requirements of Bursa Malaysia Securities Berhad, enable the Directors to issue up to a maximum of ten per centum (10%) of the total issued and paid-up share capital of the Company at the date of such issuance for such purpose as the Directors consider would be in the best interest of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting ("AGM") held on 14 July 2009 which will lapse at the conclusion of the forthcoming 34th AGM.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project (s), working capital and/or acquisitions.

CORPORATE PROFILE

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Sapura Industrial Berhad started out in the early 1980s manufacturing automobile suspension parts. As the business expanded in tandem with Malaysia's automotive industry, a holding company was established in 1994 under the name of Sapura Motors Berhad. The Company was subsequently listed on the Second Board of Bursa Securities Malaysia Berhad on 9 May 1997, before it was transferred to the Main Board on 14 January 2004. In August that same year, the Company assumed its present name of Sapura Industrial Berhad, to reflect its diverse business activities.

As the Company continues to evolve with the times, the one thing that has remained constant is our corporate core values. In every phase of Sapura Industrial Berhad's transformation journey, these core values have been the driving force behind our success and form the basis of a performance-based culture. Today, Sapura Industrial has become a name synonymous with quality, reliability and service excellence and this has been borne out by the awards and accolades we have received from industry peers and giants in the automotive industry at home and abroad.

Sapura Industrial has earned its standing in the industry through sheer determination, far-sightedness and plain hard work. Backed by a solid track record and with all the prerequisites in place, Sapura Industrial is preparing for the next thrust forward. The Company is now set to take on the entrepreneurial challenge of carving out a larger presence in the international marketplace. The way to success is through our people and because of their dedication, professionalism and teamwork, we are confident we will grow our businesses and achieve further value for the benefit of all our stakeholders.



CORPORATE INFORMATION

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BOARD OF DIRECTORS

Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir
Chairman
Non-Independent Non-Executive Director

Datuk Shahril bin Shamsuddin
Deputy Chairman
Non-Independent Non-Executive Director

Dato' Azlan bin Hashim
Non-Independent Non-Executive Director

Dato' Mazlin bin Md Junid
Independent Non-Executive Director

Shah Hakim bin Zain
Independent Non-Executive Director

Datuk Kisai bin Rahmat
Independent Non-Executive Director

Ir. Md. Shah bin Hussin
Non-Independent Non-Executive Director

Shahriman bin Shamsuddin
Executive Director

AUDIT COMMITTEE

Datuk Kisai bin Rahmat
Chairman
Independent Non-Executive Director

Dato' Mazlin bin Md Junid
Independent Non-Executive Director

Dato' Azlan bin Hashim
Non-Independent Non-Executive Director

BOARD NOMINATION AND REMUNERATION COMMITTEE

Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir
Chairman
Non-Independent Non-Executive Director

Datuk Kisai bin Rahmat
Independent Non-Executive Director

Dato' Mazlin bin Md Junid
Independent Non-Executive Director

EMPLOYEE SHARES OPTION SCHEME (ESOS) COMMITTEE

Azmi bin Hashim (alternate Director to Dato' Azlan bin Hashim)
Chairman
Non-Independent Non-Executive Director

Datuk Kisai bin Rahmat
Independent Non-Executive Director

Ir. Md. Shah bin Hussin
Non-Independent Non-Executive Director

DIRECTOR IN CHARGE OF SHAREHOLDERS' COMMUNICATIONS

Datuk Kisai bin Rahmat
Senior Independent Non-Executive Director

Mail to:
Lot 2 & 4, Jalan P/11, Seksyen 10
Kawasan Perindustrian Bangi
43650 Bandar Baru Bangi
Selangor Darul Ehsan

COMPANY SECRETARY

Liyana Lee binti Abdullah
(MIA No: 10293)

REGISTERED OFFICE

Lot 2 & 4, Jalan P/11, Seksyen 10
Kawasan Perindustrian Bangi
43650 Bandar Baru Bangi
Selangor Darul Ehsan
Tel : 603-8925 6011
Fax : 603-8925 8292

AUDITORS

Ernst & Young
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel : 603- 7495 8000
Fax : 603-2095 9076/78

SHARE REGISTRAR

Tenaga Koperat Sdn. Bhd.
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 603-2264 3883
Fax: 603-2282 1886

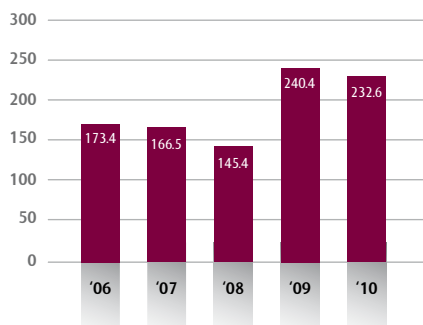
STOCK EXCHANGE LISTING

The Main Board of Bursa Malaysia
Stock Name : SAPIND
Stock Code : 7811

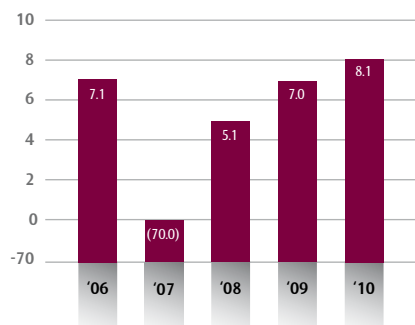
FINANCIAL HIGHLIGHTS

		← 31 January →				
		2006	2007	2008	2009	2010
Revenue	(RM'mil)	173.4	166.5	145.4	240.4	232.6
Profit/(loss) after taxation	(RM'mil)	7.1	(70.0)	5.1	7.0	8.1
Profit/(loss) attributable to equity holders of the Company	(RM'mil)	7.2	(57.9)	5.1	7.0	8.1
Shareholders' fund/Equity	(RM'mil)	147.5	54.9	60.0	64.8	70.7
Basic earnings per share	(sen)	10.27	(79.57)	7.06	9.58	11.13
Diluted earnings per share	(sen)	10.27	(79.57)	7.06	9.58	11.13
Net asset per share	(RM)	2.03	0.75	0.82	0.89	0.97
Number of ordinary shares at financial year end	('mil)	72.8	72.8	72.8	72.8	72.8

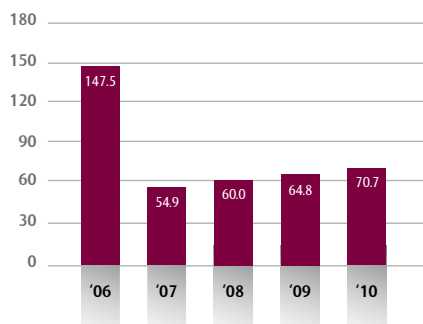
Revenue
RM' MILLION



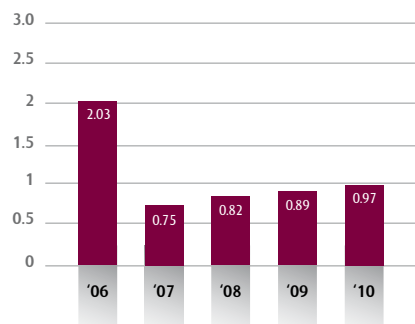
Profit / (loss) after taxation
RM' MILLION



Shareholders' fund/Equity
RM' MILLION



Net asset per share
RM

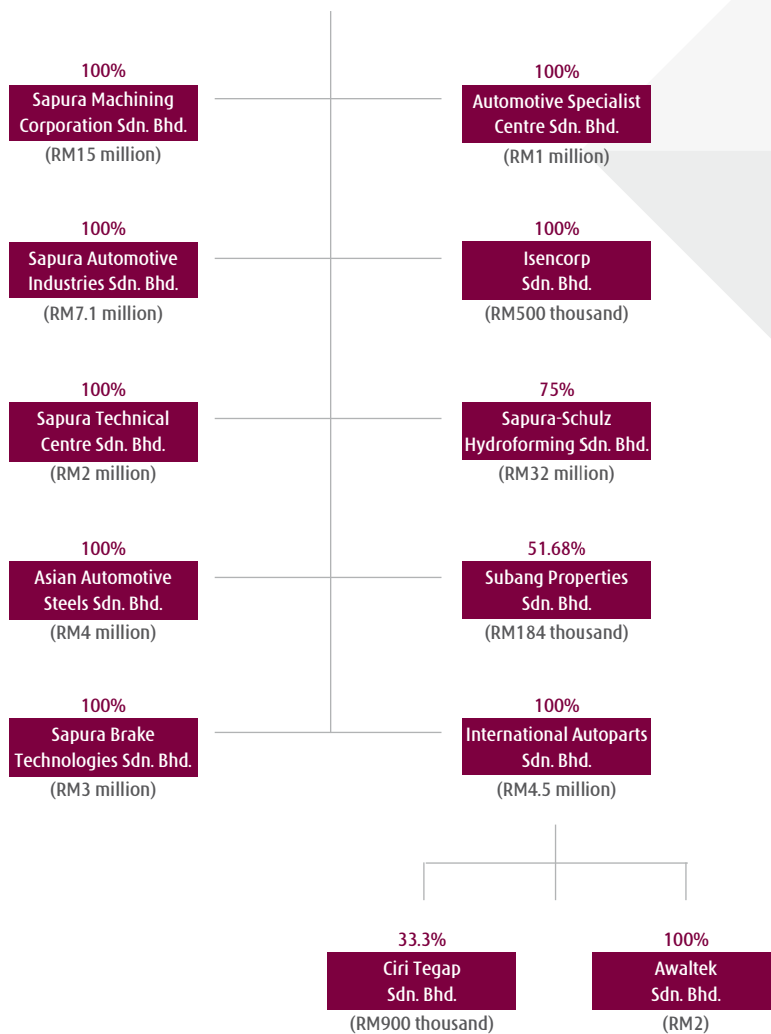


CORPORATE STRUCTURE

As at 27 May 2010



Paid-up Capital : RM72.776 million







honourable

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



CHAIRMAN'S STATEMENT

“Building on Values”

Dear Shareholders,

It gives me great pleasure to report that Sapura Industrial Berhad (“Sapura Industrial” or “the Group”) was able to build on the gains made in the previous years to exceed the financial targets set for the year under review ended 31 January 2010 (FY 2010). The Group achieved a back-to-back record profit before tax of RM10.31 million, which is 14.2% higher than RM9.03 million posted the previous year. These results were all the more commendable in the face of a very challenging year, dominated by the global economic slowdown and its impact on world trade.

The sustained results we have achieved over the past two years are a reaffirmation of the resilience of our business model, which has successfully weathered the worst global economic recession since the 1930s. Aside from the financial numbers, FY 2010 was also a year of accomplishments, with a slew of awards and accolades from Perusahaan Otomobil Kedua Sdn Bhd (Perodua). While there are many success factors, it is timely that we pay tribute to the 680 men and women working for the Group. They are truly our most important assets, and our people are special in that they embrace all the values that are the very heart and soul of the

Sapura Group. These values – Honourable, Professional, Resourceful, Resilient and Agile – are what distinguish our people from their peers in the industry.

Sapura’s corporate values are integral to every step we have taken in our transformation journey to where we stand today, and hold the key to our success. We will continue to build on our values as we launch Sapura Industrial for the next thrust forward.

On behalf of the Board of Directors, I am pleased to present this Annual Report and the Audited Financial Statements of Sapura Industrial Berhad for the financial year ended 31 January 2010.

OPERATING ENVIRONMENT

In a tough operating environment, Sapura Industrial demonstrated it has the fundamentals to absorb the shock of the worst global economic contraction in 70 years. Given the inter-connected world we live in, what started out as a sub-prime mortgage crisis in the United States quickly morphed and spread to global economies. By the first quarter of 2009, world trade had declined sharply by 28.6%, affecting exports from this region, including Malaysia.

As a highly open economy, Malaysia saw a 20.0% decline in gross exports in the first quarter and this affected production, particularly in the manufacturing sector. In response to the global crisis, Governments around the world were fast to react with the implementation of unprecedented fiscal and monetary policy stimulus. The Malaysian Government also introduced several measures centred on monetary easing and fiscal policy, which included two stimulus packages amounting to RM67.0 billion.

Thanks to concerted efforts by Governments all over the world, the global economy was pulled back from the brink of disaster. Most economies began to stabilise by the middle of 2009 and gradually emerge from the recession in the second half of the year. For the whole of 2009, the global economy experienced a negative growth of 0.8%, the first contraction since the 1940s, while world trade fell by 12.3%. Despite a sharp contraction in the first quarter, the Malaysian economy recovered rapidly in the fourth quarter of 2009. Consequently, the gross domestic product contracted by only 1.7% in 2009, performing significantly better than expected. (Source: Bank Negara Annual Report, 2009, p.13, 14)



TAN SRI DATO' SERI
IR. SHAMSUDDIN BIN
ABDUL KADIR
Chairman

Chairman's Statement (cont'd)

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Reflecting the economic trends, a better than expected performance in the last quarter of 2009 helped reduce the projected decline in total vehicle sales in Malaysia. According to the Malaysian Automotive Association (MAA), total industry volume (TIV) of new vehicles registered in 2009 stood at 536,905 units, a decline of only 2.0% from the previous year's 548,115 units. A combination of factors, including the introduction of new passenger vehicle models, aggressive marketing efforts and the easing of financing packages helped boost sales in the last quarter.

FINANCIAL PERFORMANCE

Against this backdrop, Sapura Industrial's financial performance has exceeded all our targets and expectations. In addition to navigating the economic turbulence, the Group also had to contend with higher raw material, component and operating costs as well as allocation issues, which all ate into margins.

For the year under review, the Group recorded a turnover of RM232.58 million, which is only marginally lower than the RM240.42 million registered the previous year. The shortfall was mainly attributed to a reduction in export sales owing to the global economic downturn.

Profit before tax rose to RM10.31 million, an increase of 14.2% from RM9.03 million posted previously. The Group also achieved a back-to-back record profit after tax of RM8.09 million, up 16.1% from RM6.97 million recorded a year ago. Accordingly, on the strength of the Group's improved bottom-line, earnings per share rose to 11.13 sen compared to 9.58 sen in FY 2009.





DIVIDENDS

In all that we strive to achieve, the ultimate objective of Sapura Industrial is to generate long-term returns for our shareholders. On the strength of the Group's improved financial performance, the Board of Directors is pleased to propose a first and final tax exempt dividend of 5 sen (FY2009: 3 sen) per share in respect of the financial year ended 31 January 2010. This is subject to the approval of shareholders at the forthcoming Annual General Meeting.

CORPORATE DEVELOPMENTS

Sapura Industrial is in the business over the long haul and like many other enduring companies, we are constantly reviewing and optimising our portfolio of assets and activities. In our evolution into a leaner and more focused market-driven business entity, we need to selectively divest operations that are no longer competitive or profitable.

While we are concentrating on our traditional areas of strength, Sapura Industrial will not overlook opportunities for new growth coming its way. In a world of rapid change, we are relentlessly pursuing every opportunity for future growth not only in our automotive-related businesses but also in the non-automotive sector. You may, however, be assured that any decision to diversify our business activities will be tempered by prudence. Our primary strategy will be to exploit growth opportunities that are synergistic to the Sapura Group and where we already have a competitive advantage.

OUR TRANSFORMATION JOURNEY

Despite its difficulties, FY 2010 was also a year of accomplishment. As one of a handful of Tier-1 vendors amongst 350 motor vehicle components and parts manufacturers in the country, our continual efforts in meeting top quality standards have been recognised by Perodua. At a recent event, the Group won three awards from Perodua: 'Excellent Cost Control Vendor 2009', 'Overall Excellent Performance Vendor 2009' and 'Excellent Quality Vendor 2009'.

Sapura Industrial's hard-won success and standing in the industry did not just happen overnight. It can be traced back to a transformation journey that began more than a decade ago when we were a newly-listed company, trying to find our niche and establish ourselves in the industry. In those early days, the primary focus was on laying the foundations and developing the company. The emphasis then was on performance, operations, human resources, technical capabilities and market development. At the same time, we began sowing the seeds for a work culture and identity centred on the Sapura Group's core values.

From the developmental stage, Sapura Industrial then moved further down the path to strengthen its manufacturing base and establish its credentials as a results-oriented company. Key Performance Indicators were introduced at company and departmental levels, along with an Executive Performance Management System (EPMS). The EPMS represented an important break from tradition, with the emphasis being on results rather than assessment to gauge the performance of employees. With a premium placed on performance, a distinct work culture has evolved. While embracing corporate core values, our culture is also one that encourages employees to excel and exceed expectations in every undertaking. In this way, we continuously build on current successes to deliver more in future.

Our journey has now taken us to the stage where we are moulding a highly-competitive and cost-efficient company positioned not only for domestic growth but to take on the challenges of the international arena. Rather than see the recession of last year as a constraint, we responded to the challenge by taking cognizance of our inherent strengths to reshape and prepare the organisation for the next thrust forward.



Chairman's Statement (cont'd)

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While there are many success factors, it is timely that we pay tribute to the 680 men and women working for the Group. They are truly our most important assets, and our people are special in that they embrace all the values that are the very heart and soul of the Sapura Group. These values – Honourable, Professional, Resourceful, Resilient and Agile – are what distinguish our people from their peers in the industry.

BUILDING COMPETITIVENESS

As mentioned in my last report, the Company has undergone an organisation restructuring to achieve two major objectives:

- To be a more efficient and customer-responsive entity, so as to provide timely solutions to meet their problems and requirements.
- To serve as more effective platforms for faster and future growth, particularly in the areas of our technical capabilities and expansion of our products and services portfolio.

With our corporate house in order, we proceeded to make focused improvements in the areas of commercial, technical and operational capabilities. This is being achieved by continually benchmarking our performance against local and foreign companies in similar industries. Simultaneously, Sapura Industrial is adopting a multi-layered approach to build its competitiveness.

Developing Research and Development (R&D) Capabilities: The Group is investing close to RM6.0 million under its Technical Development Plan to enhance its technical in-house capabilities. The emphasis is on



developing home-grown (R&D) capabilities as well as attaining new product technology. Through our R&D programme, our intention is to produce sophisticated design models and software, which will be patented and eventually commercialised. To enhance our R&D efforts, the Group is also investing in new high-end equipment that will be used for analytical, simulation and testing purposes. This will enable us to test our product innovations comprehensively before they are marketed to our customers. Our Technical Excellence Team is also pursuing design projects that could potentially give us a distinct market advantage.

Investment In New Assets: To complement ongoing productivity and capacity improvement projects, the Group will invest in new plant and equipment to increase overall capacity. This will not only enhance the production rate of our existing range, but also facilitate the manufacture of new products, thereby increasing our product offerings to existing and new customers at home and abroad.

Collaborative Efforts: The Group is also collaborating with local universities to develop specific R&D initiatives relevant to its requirements. In January 2010, Sapura Industrial signed an agreement with Universiti Malaysia Pahang (UMP)





that will pave the way for technological collaboration in the areas of R&D, industrial training, capacity building and a wider participation in the university's tertiary educational programmes. Both Sapura Industrial and UMP will undertake joint-research on product design, manufacturing skills, techniques and procedures in the automotive segment. Presently, 3 of our staff are pursuing UMP's post-graduate degrees in related fields and more will be identified for the programme as part of the Group's manpower development initiative.

Human Resource Development: Sapura Industrial's staff benefit from a wide array of training programmes that are conducted on-the-job, internally or by external trainers. Arrangements have also been made with our business and technical partners to train our people. We always encourage our people to better themselves and our career development programmes enable our people to earn diplomas and degrees. To date, 15 of our employees have participated in these programmes. In our efforts to

build well-rounded staff, we have long implemented a job rotation programme whereby all employees can be transferred to any of the Group's subsidiaries to gain better exposure and experience.

Leveraging on foreign collaborations: Although most of the products we market are home-grown, certain items such as brake systems that deploy the latest technology, result from foreign collaborations. We will continue to leverage on such collaborations for our staff to develop the technical expertise to enhance our manufacturing capabilities. To date, Sapura Industrial has worked with more than six technical partners from the Asia-Pacific region and Euro Zone. Areas of collaboration include R&D, design capabilities as well as product development and testing.

Quality Improvement Systems: In a very competitive business, one of the key differentiating factors is the quality of the products and services we are able to offer our customers. Sapura Industrial has already

been certified to internationally recognised certifications such as TS 16949, ISO 14001 and OHSAS 18001, which are prerequisites among global automotive and related component manufacturers to be short-listed as a bidder. These are in addition to other quality-improvement initiatives that we practise, such as Kaizen strategies which espouse continuous process improvements as well as the Toyota Production System and Total Productive Maintenance. The Group is also involved in the Malaysia-Japan Automotive Industries Cooperation (MAJAICO) programme for process improvement and capacity upgrading.

THE GLOBAL THRUST

To ensure sustained growth ahead, Sapura Industrial has to take full advantage of emerging opportunities in high growth areas. Globalisation is recasting the business landscape and as borders become more seamless, we find ourselves increasingly drawn into the global economy. We have

Chairman's Statement (cont'd)

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already made some inroads to become a global player; our export markets include Norway, Singapore, Thailand and the Philippines, with India and Brazil being the latest additions. Our product range for these export markets consists of coil springs, stabilizer bars, front axle assemblies and flywheels, among others.

However, current export sales only make up a small proportion of the group's total revenue, with the rest derived from domestic sales, notably to the two national car makers, Proton and Perodua. We need to diversify our customer and revenue base and break away from the highly competitive domestic market to exploit the opportunities of the global marketplace. We owe it to ourselves, our employees and you, our shareholders, to anticipate and exploit global trends. This is

the kind of forward thinking needed to stay ahead in the business and achieve further value for all our stakeholders.

Penetrating foreign markets will not be easy, with a multitude of challenges that must be overcome. On our part we must prove our capabilities and reliability from both the technical and commercial aspects. We need to guarantee adequate production capability, reliability and capacity, with efficient delivery of orders. Our products must also be competitively priced, besides fulfilling the exacting requirements of foreign customers. Foreign markets especially those in the Euro Zone have also made it a prerequisite for bidders to be accredited to internationally recognised quality systems. We will also have to contend with competition, especially from Chinese and Indian manufacturers.

Having taken a holistic and critical view of all these considerations, we believe that our manufacturing capabilities and resources are now on a strong footing and we have established the right platform to increase our global presence. From this new position of strength, our game-plan is to embark on an aggressive marketing drive to strengthen our corporate positioning and identity in the global marketplace. Apart from existing markets in Brazil, Europe and the Asia-Pacific region, we will also be looking at potentially lucrative markets in the Middle East. By following the road map drawn up, we hope to grow our overseas business to account for more than 10.0 % of Group revenue within five years.





A BRIGHTER PICTURE

After staging a turnaround in early 2009, the recovery of the global economy is expected to continue into 2010, with Asian economies leading growth. More importantly, the prospects of a modest growth of 3.9 % will support the resumption of global trade projected at 6.0% in 2010. The Malaysian economy is projected to grow by 4.5% to 5.5% in the coming year, underpinned by strengthening domestic demand and an improving external environment. After being adversely affected by the economic downturn in 2009, the manufacturing sector is poised to grow by 6.5% in 2010. Broad-based expansion is expected across all clusters, including the automotive sector.

The better economic numbers translate into a better showing for the Malaysian motor vehicle industry. The MAA has forecast TIV sales to grow by 3.0% to 550,000 units for 2010, buoyed by improvements in the employment market, business confidence level and the multiplier effects of the Government's stimulus packages to jump-start economic growth. TIV sales in the first quarter of 2010 have already improved by more than 20.0% and we hope the momentum will continue for the rest of the year.

With all the prerequisites in place, Sapura Industrial stands at the threshold of a new and dynamic future. Our global thrust will open a new chapter for the Group's ongoing transformation journey as we seek to exploit the opportunities of a changing international market place.

In this world of change, we see our core values as a source of competitive advantage. As a company that has become accustomed to taking challenges in its stride, our values have always served as a beacon, a guiding light to a better future. These values will continue to serve the Group well as we carve out our niche in the global marketplace.

ACKNOWLEDGEMENTS

Commitment, professionalism and plain hard work are bedrock elements of success. In a tough year, our people have demonstrated that they have all these attributes and more. Because of their dedication and sense of common enterprise, we are confident of achieving all we have set out to do.

I am also grateful for the understanding and support we have received from many quarters, notably our customers, suppliers, financiers, business associates, government agencies and of course, our shareholders. This has made all the difference in a difficult year. We have an exceptionally strong Board, and I would like to thank my fellow members for their insights and wise counsel. This is also an opportune moment, on behalf of the Board, management and staff of Sapura Industrial, to congratulate Datuk Shahril bin Shamsuddin for being named the Malaysian Ernst & Young Entrepreneur of the Year 2009. He has made us all proud by being selected from an outstanding field of candidates, each of them worthy winners in their own right.

Sapura Industrial's transformation journey is by no means complete. I invite you to be on board with us as we face the future with confidence.

Thank you.

TAN SRI DATO' SERI IR. SHAMSUDDIN BIN
ABDUL KADIR
Chairman





ii. Market Overview

professional

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

RELEVANSI UNIT BUDIDAYA YANG...



BOARD OF DIRECTORS



Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir
Chairman

Dato' Mazlin bin Md Junid
Independent Non-Executive Director

Datuk Shahril bin Shamsuddin
Deputy Chairman

Shah Hakim bin Zain
Independent Non-Executive Director



Dato' Azlan bin Hashim

Non-Independent Non-Executive Director



Shahrیمان bin Shamsuddin

Executive Director



Datuk Kisai bin Rahmat

Independent Non-Executive Director



Ir. Md. Shah bin Hussin

Non-Independent Non-Executive Director

DIRECTORS' PROFILE



Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir

(Non-Independent Non-Executive Chairman)

PSM, SPCM, DPMJ, DPCM, JMN, Hon. F. IEM, F.A. Sc. C.Eng., D.Sc.(Mgmt Tech) (Hon) (UTM), D.Eng. (Hon) (USM), DBA (Hon) (UKM), P Eng, MIE (MAL) M.I.E.E. (UK), M.I.MAR.E (UK)

Y Bhg Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir, aged 78, a Malaysian, is the Chairman and Founder of the Sapura Group, which he established in 1975. Well into its 35th year, the Sapura Group has since diversified and currently participates in key industries through three public listed companies. Tan Sri is the Chairman of Sapura Industrial Berhad, Sapura Resources Berhad and Sapura Technology Berhad.

Tan Sri Shamsuddin was first appointed to the Board of Sapura Industrial Berhad on 12 March 1974. He is also the Chairman of the Board Nomination and Remuneration Committee of the Company.

Tan Sri Shamsuddin received his tertiary education from Brighton Technical College in the United Kingdom, after which he held various key positions in Telekom Malaysia. Tan Sri Shamsuddin turned his vision into reality when he accepted a challenge to start a business on a turnkey project offered by Jabatan Telekom, now known as TM. The Sapura Group was born from his passion as an engineer, coupled with a strong spirit of entrepreneurship both of which are apparent in his management philosophy. Tan Sri Shamsuddin has led the Sapura Group into what is now a leading knowledge and technology company in Malaysia, with an ever-increasing global reach.

Tan Sri Shamsuddin's strong commitment to life-long education led him to co-found the Universiti Tun Hussein Onn Malaysia Foundation where he had served as Chairman of Universiti Tun Hussein Onn Malaysia (UTHM) from 16 April 2001 to 15 April 2009. In recognition of his guidance and leadership at UTHM, Tan Sri Shamsuddin was inaugurated as the first Pro Chancellor of UTHM in June 2009. For his numerous contributions, he has been awarded with Honorary Doctorates by Universiti Teknologi Malaysia, Universiti Sains Malaysia and Universiti Kebangsaan Malaysia. In 2007, University of Brighton, United Kingdom conferred the Honorary Degree of Doctor of Science to Tan Sri Shamsuddin in recognition of his outstanding contribution to engineering development in Malaysia and the development of the Alumni Association of Malaysia. Tan Sri Shamsuddin is also a member of the Majlis of International Islamic University Malaysia (IIUM), in which he is the Representative of The Malaysian Public of Vast Experience with Higher Education or Professional Management.

Tan Sri Shamsuddin contributes his time and effort in sharing his experience and knowledge for various causes. He is a member of the Institution of Engineers Malaysia, a member of the Malaysian Industry-Government Group for High Technology (MIGHT) as well as a senior fellow of Academy of Science Malaysia. In conjunction with UMNO's 60th Anniversary Celebrations in 2006, Tan Sri Shamsuddin was conferred with the prestigious "Malay Personality of Distinction" award.



Datuk Shahril bin Shamsuddin

(Non-Independent Non-Executive Deputy Chairman)
PJN, SPTJ

Datuk Shahril bin Shamsuddin, aged 49, a Malaysian, is the President and Chief Executive Officer of the Sapura Group – a group of companies in the businesses of oil & gas services, secured communications technologies, industrial and automotive component manufacturing, education and premium automotive retail.

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

Datuk Shahril was appointed to the Board of Sapura Industrial Berhad on 2 December 1993 as a Non-Executive Director and was subsequently appointed as the Deputy Chairman on 29 November 2002.

The winner of Malaysia's Ernst & Young Entrepreneur Of The Year 2009, Datuk Shahril is acknowledged as an innovator at heart. His reputation is hallmarked by his entrepreneurship and profound passion for technology development and unwavering conviction for nation-building. An innovator with keen business acumen in assessing the commercial potential of technologies, Datuk Shahril takes keen interest in the details of key technologies, bringing Sapura to greater heights in the technology front.

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

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

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

Directors' Profile (cont'd)



Dato' Azlan bin Hashim

(Non-Independent Non-Executive Director)
DSNS, DSSA, FCA (Ireland), MACPA (Mal), FIBM (Mal),
FEDI (Washington)

Dato' Azlan bin Hashim, aged 68, a Malaysian, was first appointed to the Board of Sapura Industrial Berhad on 20 December 1996. Dato' Azlan is a member of the Audit Committee of Sapura Industrial Berhad.

Dato' Azlan is the Chairman of AmInternational (L) Limited and PT AmCapital Indonesia, Deputy Chairman of AMMB Holdings Berhad and Executive Chairman of Global Carriers Berhad. He is currently the Non-Executive Director of AmFraser Securities Pte Ltd and AmFraser International Pte Ltd. He also sits on the Boards of Kumpulan Perangsang Selangor Berhad, Paramount Corporation Berhad, Metrod (M) Berhad and Kumpulan Hartanah Selangor Berhad.

Dato' Azlan served with the Malayan Railways from 1966 to 1971 and was its Chief Accountant for 2 years. In 1972, he became a Partner of a public accountant firm, Azman Wong Salleh & Co. and was a Senior Partner of the firm prior to joining the Board of AMDB Berhad in 1982 to July 2007.

Dato' Azlan is a Fellow of the Institute of Chartered Accountants (Ireland), Economic Development Institute (World Bank, Washington) and Institute of Bankers Malaysia. Dato' Azlan is also a qualified Chartered Accountant registered with Malaysian Association of Certified Public Accountants (MACPA).



Datuk Kisai bin Rahmat

(Independent Non-Executive Director)
KMN, PJN

Datuk Kisai bin Rahmat, aged 59, a Malaysian, was first appointed to the Board of Sapura Industrial Berhad on 18 October 2006. Datuk Kisai is the Chairman of the Audit Committee, member of the Board Nomination and Remuneration Committee and Employee Share Option Scheme (ESOS) Committee of Sapura Industrial Berhad.

Prior to joining Sapura Industrial Berhad, Datuk Kisai was the Executive Director, Engineering and Manufacturing, for Proton Holdings Berhad and a Director of several Proton's subsidiary companies including Lotus Group International Limited UK and Vina Star Motors Corporation Vietnam. At present, Datuk Kisai is the Vice Executive Chairman of Yasmin Jurumuda Sdn. Bhd.

Datuk Kisai holds a Master of Science in Industrial Engineering and Production Management from Cranfield Institute of Technology, England and a Bachelor of Science in Mechanical Engineering from University of Strathclyde, Scotland.



Dato' Mazlin bin Md Junid
(Independent Non-Executive Director)
DIMP

Dato' Mazlin bin Md Junid, aged 48, a Malaysian, was first appointed to the Board of Sapura Industrial Berhad on 2 January 2002. Dato' Mazlin is a member of the Audit Committee and Board Nomination and Remuneration Committee of Sapura Industrial Berhad.

Dato' Mazlin is currently the Executive Vice-Chairman of Daya Materials Berhad and the Managing Director of Daya Secadyme Sdn. Bhd. and several of its subsidiary companies. He is also a Director of several private limited companies which he owns.

Dato' Mazlin has extensive experience in corporate management, business and finance after serving Sime Darby Berhad and Aspac Executive Search Sdn. Bhd. as Group Manager and Managing Director respectively.

Dato' Mazlin holds a Master in Business Administration from Cranfield University, England and a Bachelor of Science in Mechanical Engineering from Brighton Polytechnic, Sussex, England.



Shah Hakim bin Zain
(Independent Non-Executive Director)

Encik Shah Hakim bin Zain, aged 45, a Malaysian, was first appointed to the Board of Sapura Industrial Berhad on 22 February 1999.

Encik Shah Hakim started his career as an Auditor with Ernst & Young and was subsequently promoted as Consulting Manager, responsible for servicing large corporations. He went on to be appointed as Executive Director of a regional packaging manufacturer in 1992, with direct operational responsibility.

Currently, Encik Shah Hakim is the Chief Executive Officer and Executive Director of Scomi Group Berhad. He also sits on the Board of Scomi Marine Berhad, Scomi Engineering Berhad and KMCOB Capital Berhad.

Directors' Profile (cont'd)



Shahrizan bin Shamsuddin
(Executive Director)

Encik Shahrizan bin Shamsuddin, aged 41, a Malaysian, was first appointed to the Board of Sapura Industrial Berhad on 29 January 2002. Encik Shahrizan manages a diversified group portfolio which encompasses automotive, education and premium automotive retail. He started his career in 1991 holding a number of senior key positions within the Sapura Group.

Currently, he is also the Managing Director of Sapura Resources Berhad and Director of SapuraCrest Petroleum Berhad, Sapura Technology Berhad and Sapura Holdings Sdn. Bhd.

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



Ir. Md. Shah bin Hussin
(Non-Executive Non-Independent Director)
P.Eng., MIEM

Encik Ir. Md. Shah bin Hussin, aged 59, a Malaysian, was first appointed to the Board of Sapura Industrial Berhad on 1 September 1997. He became a Non-Executive Non-Independent Director on 1 August 2009. He is also a member of the Employee Share Option Scheme (ESOS) Committee of Sapura Industrial Berhad.

Encik Ir. Md. Shah is the Managing Director of Sapura Industrial Berhad for the past 13 years. Prior to his appointment as Managing Director of Sapura Industrial Berhad, he was the Group General Manager of Sapura Industrial Berhad. He was formerly an Assistant General Manager of HICOM-Yamaha Manufacturing (M) Sdn. Bhd., General Manager of Body Fashion (M) Sdn. Bhd. and H & R Johnson (M) Berhad.

Encik Ir. Md. Shah is a registered Professional Engineer and a member of the Institute of Engineers, Malaysia since 1990. He holds a Master in Business Administration from Ohio University, USA and a Bachelor of Science in Mechanical Engineering from West Virginia University, USA.

ADDITIONAL INFORMATION ON BOARD OF DIRECTORS**1. Family relationship with director and/or substantial shareholders**

None of the directors of the Company have any family relationship with the other directors and/or substantial shareholders of the Company except for Datuk Shahril bin Shamsuddin and Encik Shahrman bin Shamsuddin who are the sons of Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir and who are deemed to have an indirect interest of 44.55% in Sapura Industrial Berhad as at 27 May 2010 pursuant to Section 6A of the Companies Act, 1965 by virtue of their direct and indirect interest in Sapura Holdings Sdn. Bhd.

2. Conflict of Interest

None of the directors of the Company have any conflict of interest with the Company.

3. Convictions for offences

None of the directors of the Company have any conviction for offences within the past 10 years. .

4. Attendance at Board Meetings

The Board of Directors' attendance record at Board Meetings held during the financial year ended 31 January 2010 can be found on page 38 of this Annual Report.

CHIEF EXECUTIVE OFFICER'S PROFILE

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Mohamad Razali bin Osman

(Chief Executive Officer)

Encik Mohamad Razali bin Osman, aged 48, a Malaysian, was appointed as the Chief Executive Officer of Sapura Industrial Berhad (SIB) on 1 April 2009.

Encik Mohamad Razali holds a Bachelor of Science in Mechanical Engineering from University of Newcastle-upon-Tyne, United Kingdom.

Encik Mohamad Razali began his career as an Engineer in an engine manufacturing company in 1985. With over 20 years of experience in the manufacturing sector he has held various senior positions in SIB Group since 1991, which includes General Manager (1994), Senior General Manager (1999) and Chief Operating Officer of SIB Group (2005) before assuming his present position with SIB.

Currently Encik Mohamad Razali does not hold any directorship in other public companies.

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

As at 27 May 2010, Encik Mohamad Razali holds 82,401 shares in the Company.



CONNECTING ROD CAMPRO

INCON



resourceful

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



CORPORATE SOCIAL RESPONSIBILITY

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Sapura Industrial Berhad
Annual Report 2010

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



PAYING OUR DUES

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

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

The sense of family has been reinforced with the launch of the Sapura Community in June 2009, which functions like a social club promoting the well-being of our family through various activities. During the year, the Sapura Inter-Group Bowling Tournament was among the sporting events organised to build esprit de corps and camaraderie among our growing family. Through the Sapura Community, our people show their caring side by

organising and supporting a number of community services. Visits to orphanages and homes of the less fortunate provide comfort and words of wisdom while blood donation campaigns inculcate a culture of giving back to those in need. Our people drawn from all levels of the organisation have also participated actively in voluntary and 'gotong royong' projects, and it is in ways like these that we reach out and earn a place in the community as a corporation with a heart.

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





In Malaysia, the Group has contributed towards the construction of suraus and mosques as a way of bringing communities closer together. Our support is also extended to single mothers, orphans, Cancer Research Fund, Disaster Relief Fund as well as directly to victims of natural disasters such as the landslide in Putrajaya and floods in Pahang and Johor. Education is an area that is close to our heart and we have donated to various bodies such as Education Trust Funds, Save the Kids

Education Fund, Poor Students Trust Fund and the Ipoh Tutorial Centre, among others. Annual scholarships are provided by the Group to needy and deserving students, helping them realise their academic and career ambitions. These scholarships are provided in conjunction with leading Malaysian dailies and scholarship bodies. Scholarships to the tune of hundreds of thousands of Ringgit are disbursed annually under the MAPCU Scholarship Fund, Sin Chew Daily Education Fund and HOPE (Higher Opportunities for Private Education) Scholarships.

currently houses some 102 children. During the year, the funding allocated was used for refurbishment and upgrading works, making the hostel a more hospitable place for the children to call home.

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

Our CSR outreach programmes continue to expand in tandem with the geographical reach of the Group's operations. In Indonesia, where the Group has a significance presence, we have built an orphanage under the auspices of the Shamsuddin Abdul Kadir Foundation to house the 80 victims of the tsunami disaster in 2004. The Group is now into the fourth year of providing funding for the Rumah Anak Yatim Sapura, which

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





SUB-ASSY STATION

resilient

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



CORPORATE GOVERNANCE STATEMENT

The Board recognises that corporate governance is about commitment to values and ethical conduct and thus, the Board is fully committed in ensuring that the interests of all stakeholders are not just safeguarded, but continually enhanced in values. The stakeholders' expectations must be assessed and managed, and not assumed.

The Board is pleased to report to the shareholders on the manner in which the Company has strengthened its application of the principles of corporate governance and adopted the corporate governance best practices laid down in the Malaysian Code on Corporate Governance (the Code).

DIRECTORS

The Board

The Board is responsible and committed to adopting good corporate governance practices as part of their continuing obligations. It guides and monitors the affairs of the Group on behalf of the shareholders and retains full and effective control over the Group. The principal responsibilities include the primary responsibilities prescribed under the Code. These cover a review of the strategic direction for the Group, overseeing the business operations of the Group, and evaluating whether these are being properly and effectively managed.

Board Balance

The composition of the Company's current Board of Directors is well balanced, with an effective mix of executive director and independent non-executive directors. There are one (1) Executive Director, four (4) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors. The Board is satisfied that the current Board composition fairly reflects

the investment of minority shareholders in the Company. A brief profile of the Directors is presented on page 24 to page 28 of this Annual Report. The Directors with diverse background provides an effective Board with a mix of industry-specific knowledge and broad business and commercial experience.

The Board in respect of the ratio of independent directors complies with the Bursa Malaysia Securities Berhad (Bursa Malaysia) Listing Requirements that one third of its Board consists of independent directors. The Independent Directors are professionals of credibility and repute who demonstrate independence of judgement and objectivity in the Board's deliberations.

The Managing Director/Chief Executive Officer, who has the general responsibility for running the business on a day-to-day basis, ensuring business excellence and operational efficiency on behalf of the Board. He is responsible for implementing the policies and decisions of the Board, overseeing the operations as well as coordinating the development and implementation of business and corporate strategies. The Managing Director/Chief Executive Officer is supported by the Senior Management team and Group Functional teams who possessed vast experience, skill and knowledge in the industry.

The Independent Non-Executive Directors bring to bear objective and independent judgement to the decision making of the Board and provide a check and balance for the Executive Directors/Chief Executive Officer.

The Non-Executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls. Together with the Chief Executive Officer who has an intimate knowledge of the business, the Board is constituted of individuals who are committed to business integrity and professionalism in all its activities.

Board and Board Committee Meetings

The board ordinarily meets at least four (4) times a year at quarterly intervals, with additional meetings convened as and when deemed necessary. At each regularly scheduled meeting there is a full financial and business review and discussion including evaluating the performance to date against the annual budget and business plan previously approved by the Board for that year. In the current financial year under review, the Board held five (5) meetings. The details of the attendance of the Directors to the Board meetings are as follows:-

Name of Directors	Attendance
1. Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir	5
2. Datuk Shahril bin Shamsuddin	4
3. Dato' Azlan bin Hashim	4
4. Dato' Mazlin bin Md Junid	3
5. Datuk Kisai bin Rahmat	5
6. Shah Hakim bin Zain	4
7. Ir. Md. Shah bin Hussin	4
8. Shahrirman bin Shamsuddin	5



Corporate Governance Statement (cont'd)

To facilitate effective discharge of responsibilities, dedicated Board Committees were established guided by clear terms of reference with Directors who have committed time and effort as members. The Board Committees are chaired by Non-Executive Directors who exercise skillful leadership with in-depth knowledge of the relevant industry.

Audit Committee

The primary objective of the Audit Committee is to assist the Board of Directors in discharging its responsibilities relating to financial accounting and reporting matters. In compliance with the Bursa Malaysia Listing Requirements and the Code, the Audit Committee comprises three (3) directors, a majority of whom are Independent Non-Executive Directors:

Chairman : Datuk Kisai bin Rahmat
(Senior Independent Non-Executive Director)

Members : Dato' Mazlin bin Md Junid
(Independent Non-Executive Director)
Dato' Azlan bin Hashim
(Non-Independent Non-Executive Director)

The terms of reference and the report of Audit Committee are set out on page 44 to 46.

The Audit Committee held five (5) meetings during the financial year.

Board Nomination and Remuneration Committee

The Board Nomination and Remuneration Committee (BNRC) which was set up by the Board, is made up of a majority of Independent Non-Executive Directors.

Currently, the BNRC comprised wholly Non-Executive Directors.

Chairman : Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir
(Non-Independent Non-Executive Director)

Member : Datuk Kisai bin Rahmat
(Senior Independent Non-Executive Director)
Dato' Mazlin bin Md Junid
(Independent Non-Executive Director)

This composition of only Non-Executive Directors in the Committee ensures that any decisions made are impartial and in the best interest of the Company without any element of fear or favour.

The BNRC held two (2) meetings during the financial year.

The proceedings of and resolutions passed at each Board and Board Committee meeting are minuted and kept in the statutory register at the registered office of the Company. In the event of potential conflict of interest, the Directors in such a position will make a declaration to that effect as soon as practicable. The Directors concerned will then abstain from any decision making process in which they are interested.

Supply of Information

The Board has unrestricted access to timely and accurate information, necessary in the furtherance of their duties. The Company Secretary ensures that all Board meetings are furnished with proper agendas. Board papers which include reports on group performance and major operational, financial, strategic and regulatory matters,

are circulated to all the Directors at least three (3) days prior to the meeting, to allow the Directors to have sufficient time to review the Board papers. In most instances, senior management of the Company as well as external advisors are invited to be in attendance at Board meetings to provide insight and to furnish clarification on issues that may be raised by the Board.

Directors also have full and unrestricted access to the advice and services of the Company Secretary who ensures compliance with current laws, rules and regulations.

Independent Professional Advice

There is a formal procedure sanctioned by the Board of Directors, whether as a full board or in their individual capacity to take independent professional advice at the Group's expense, where necessary and in furtherance of their duties.

Appointment to the Board

The proposed appointment of new Board members are reviewed and assessed by the BNRC. Thereafter the BNRC submits its recommendation on the proposed appointment to the Board for approval. The BNRC's primary role is to review the required mix of skills and experience of the Directors on the Board, and determine the appropriate Board balance and size of Non-Executive Directors. It will establish procedures and processes towards an annual assessment of the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual Director. The Board is satisfied that the current composition of the Board brings the required mix of skills and experience required for the Board to function effectively.



Directors’ Training

The Board acknowledges that its Directors must keep abreast on various issues having relevance to the constantly changing environment within which the business of the Group operates and enhance their business acumen and skills to meet challenging commercial risks.

The Board endeavours to provide continuous training and development to its current and new Directors, by ensuring that the Directors participate in a full and tailored training and induction programme. During the financial year under review, members of the Board and Management team had attended the following ‘in-house’ training programme:

- The Grass is Not Always Greener: The Risks and Pitfalls of Overseas Expansion

- Operating Risk – A New Way of Thinking
- Managing Strategy in a Downturn
- Investor Relations in Difficult Times

Re-election

The existing Company’s Articles of Association provides that all Directors appointed by the Board are subject to election by the shareholders at their first annual general meeting and thereafter shall retire from office by rotation at least once in each three years, but shall be eligible for re-election at each Annual General Meeting.

DIRECTORS’ REMUNERATION

Level and make-up of Remuneration

The BNRC is responsible for evaluating and recommending to the Board the level and make-up of the remuneration of the

Executive Directors and Chief Executive Officer, ensuring that they commensurate with the scope of responsibilities held in order to attract and retain the persons of necessary caliber, experience and quality needed to lead the Company successfully.

Remuneration Procedure

During the financial year, the remuneration package for the Executive Directors and Chief Executive Officer were recommended by the BNRC and approved by the Board with the individual personnel affected not involved in the approval of their own packages. The Directors’ fees are approved by the shareholders at the Annual General Meeting.

Corporate Governance Statement (cont'd)

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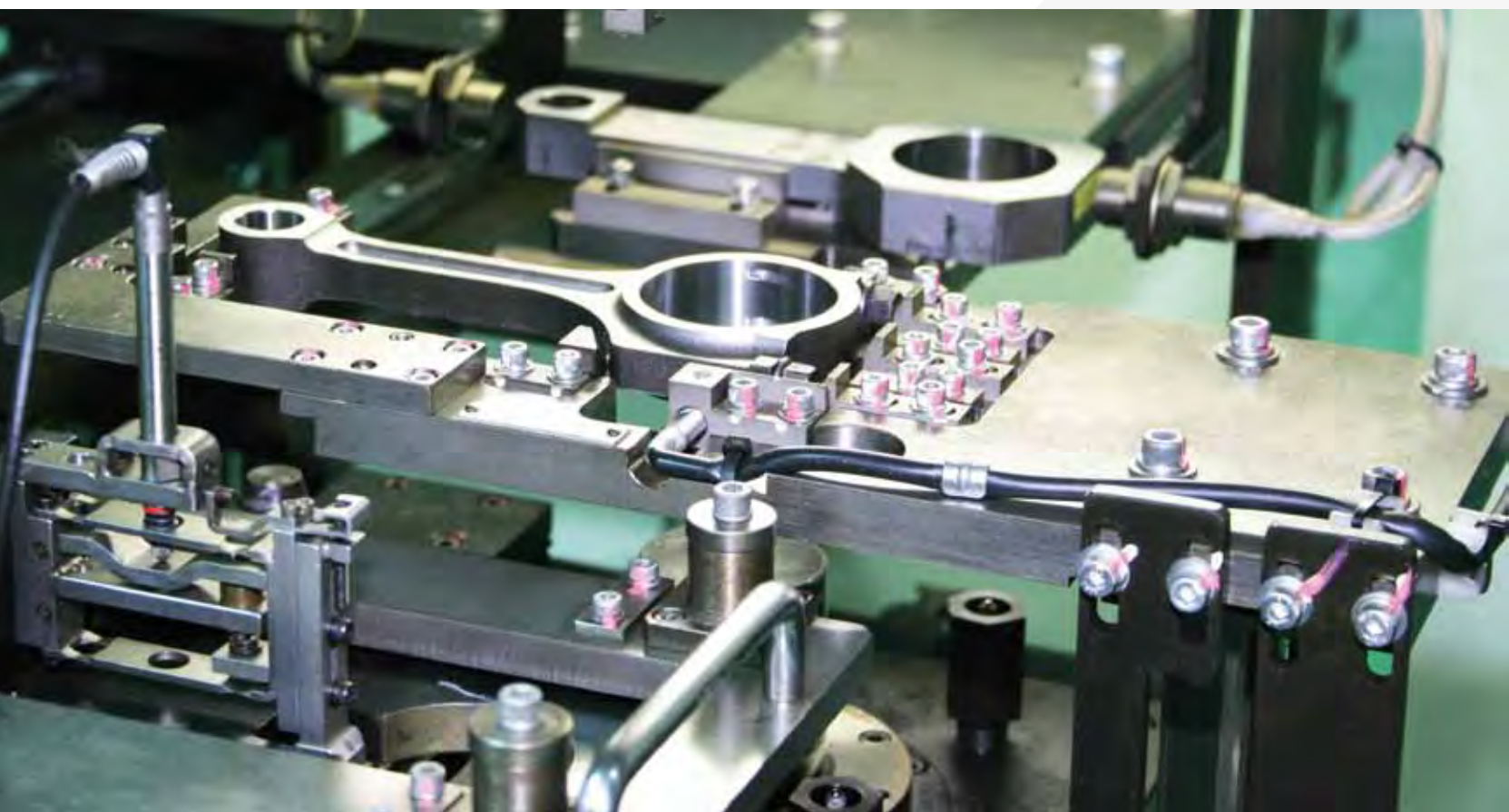
The details of the Directors' remuneration for the financial year ended 31 January 2010 are as follows:

	Executive (RM)	Non-Executive (RM)	Total (RM)
Fees	-	218,500	218,500
Salaries and other emoluments	891,870	-	891,870
Bonus in respect of previous year	117,900	-	117,900
Other emoluments	-	26,500	26,500
Retirement sum	200,000	-	200,000
Benefits in kind	135,421	-	135,421
Contributions to defined contribution plan	92,592	-	92,592
Total	1,437,783	245,000	1,682,783

The number of Directors whose remuneration fall into the following bands are as follows:

Bands	Executive	Non-Executive	Total
Below RM50,000	-	(#) 8	8
RM650,001 – RM700,000	1	-	1
RM750,001 – RM800,000	(#) 1	-	1
Total	2	8	10

Redesignation of the retired Managing Director, from Executive to Non-Executive



SHAREHOLDERS

The Annual General Meeting

The Company had been using Annual General Meetings as a platform for communicating with its shareholders. All shareholders are welcome to attend the Company's Annual General Meeting and to actively participate in the proceedings. They are encouraged to give their views and suggestion for the benefit of the Company. Every opportunity is given to shareholders to ask questions and seek clarification on the business and performance of the Company.

Dialogue Between Companies and Investors

The annual reports and the quarterly announcements are the primary mode of communication to report on the Group's business, activities and financial performance to all its shareholders.

The key elements of the Company's dialogue with its shareholders is the opportunity to gather views of and answer questions from both private and institutional shareholders on all issues relevant to the Company at the Annual General Meeting. At the Annual General Meeting, the shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general.

The Company has established a website at www.sapuraindustrial.com.my where shareholders and stakeholders can access for information regarding Sapura Industrial Berhad Group.

In addition to the above, the Board has identified Datuk Kisai bin Rahmat as the Senior Independent Non-Executive Director to whom concerns from the shareholders can be conveyed.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of results to shareholders as well as the Chairman's statement and review of operations in the annual report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal control to safeguard shareholders' investment and Group assets. The Statement on Internal Control is presented on page 47 to 48 of the Annual Report providing an overview of the state of internal control within the Group.

Relationship with Auditors

The Board, through the Board Audit Committee, maintains a formal and transparent professional relationship with both the Group internal and external auditors.

The function of the Audit Committee in relation to the external auditors and the number of meetings held since the previous financial year end as well as the attendance record of each member is shown in the Audit Committee Report on page 44 to 46 of the Annual Report.

The membership of the Audit Committee, the terms of reference and a summary of the activities of the committee are presented in the Audit Committee Report on page 44 to 46 of the Annual Report.

Directors' Responsibility Statement

The Directors are required by the Companies Act, 1965 to ensure that financial statements prepared for each financial year give a true and fair view of the state of the affairs of the Company and the Group as at the end of the financial year and of the results and cash flow of the Group for the financial year.

COMPLIANCE WITH THE BEST PRACTICES

The Group has adopted various steps to set out principles and best practice to ensure compliance with the Best Practices of the Code during the financial year.

Statement made in accordance with a resolution of the Board of Directors dated 18 May 2010.

AUDIT COMMITTEE REPORT

For The Financial Year Ended 31 January 2010

The members of the Audit Committee of Sapura Industrial Berhad are pleased to present their report for the financial year ended 31 January 2010.

MEMBERSHIP

The present members of the Audit Committee comprise:

Datuk Kisai bin Rahmat, Chairman
Independent Non-Executive Director

Dato' Mazlin bin Md Junid, Member
Independent Non-Executive Director

Dato' Azlan bin Hashim, Member
Non-Independent Non-Executive Director

TERMS OF REFERENCE

Size and Composition

The Board shall by resolution appoint members of the Audit Committee, which shall comprise at least three (3) non-executive directors, the majority of whom shall be independent directors as defined under the Bursa Malaysia Securities Berhad ("BMSB") Listing Requirements. At least one member of the Committee is an accountant and fulfils requirements of the BMSB.

The Committee shall elect a chairperson from among its members who is not an executive director or employee of the Company or any related corporation.

In the event of an Independent Non-Executive member of the Committee ceases to be a member resulting in the number of Independent Non-Executive members falls below the minimum number required, the Board of Directors shall within three (3) months of the event appoint such number of new Independent Non-Executive members to the Committee to make up the minimum number.

Term of Membership

Members of the Committee shall be appointed for an initial term of three (3) years after which they will be reappointed on such terms as may be determined by the Board of Directors.

Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

Access

The Committee shall have unlimited access to all information and documents relevant to its activities, to the Internal and External Auditors, and to Senior Management of the Company and its subsidiaries. The Committee is also authorised to take such independent professional and legal advice, as it considers necessary.

Meetings

The Audit Committee shall hold at least four (4) regular meetings per financial year, and such additional meetings as the chairperson shall decide in order to fulfil its duties and if requested to do so by any Committee member, the Management or the Internal or External Auditors. The Committee may invite any person to be in attendance to assist it in its deliberations.

A quorum shall consist of a majority of Independent Non-Executive Committee members and shall not be less than two (2).

The Company Secretary or any person appointed by the Committee for this purpose shall act as Secretary of the Committee.

Duties and Responsibilities

1. Review the adequacy and effectiveness of risk management, internal control and governance system instituted in the Group.
2. Discuss with the External Auditor before the audit commences, the nature and scope of the audit.
3. Review with the External Auditor :
 - (a) the audit plan;
 - (b) the evaluation of the system of internal accounting control; and
 - (c) the audit report on the financial statement.
4. Review of the assistance given by the Company's officers to the External Auditors.
5. Review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work.

6. Review 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.
7. Review of the quarterly results and year end financial statements and the press release relating to the financial matters of importance with the Management and the External Auditor prior to them being approved by the Board of Directors, focusing particularly on :
 - (a) changes in or implementation of major accounting policy and practices;
 - (b) significant and unusual events; and
 - (c) compliance with applicable approved accounting standards and other legal and regulatory requirements.
8. Review of any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
9. Consider any matters the External Auditor may wish to bring to the attention of the directors or shareholders.
10. Consider the major findings of internal investigations and management's response.
11. Review of any significant transactions which are not a normal part of the Company's business.
12. To recommend to the Board the appointment and reappointment of the External Auditor and any question of their resignation or dismissal.
13. Such other responsibilities as may be agreed to by the Audit Committee and the Board of Directors.

MEETINGS HELD FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2010

The Audit Committee held five (5) meetings during the financial year ended 31 January 2010 with the Head of Internal Audit and the Group Financial Controller cum Company Secretary in attendance. The Managing Director / Chief Executive Officer, External Auditors and the Head of the Auditee Company were also invited to brief the Audit Committee on issues tabled for discussion.

Audit Committee Meeting Attendance

There were five (5) meetings held during the financial year ended 31 January 2010 and the details of attendance are as follows:-

No.	Name of Directors	Attendance
1.	Datuk Kisai bin Rahmat (Independent)	5
2.	Dato' Mazlin bin Md Junid (Independent)	5
3.	Dato' Azlan bin Hashim (Non-Independent)	3

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

Appraisal of the internal audit plan was made by the Audit Committee to confirm the annual audit of the Group. The Audit Committee also reviewed and appraised the audit reports by the Internal Auditors, the various internal control systems in place and the financial statements of the Group. Significant issues arising from the annual audit by the External Auditors were also considered. The Audit Committee held separate meetings with the external auditors, excluding the attendance of the Management, to discuss any problem and reservations. The Audit Committee reviewed the quarterly and year end financial statements to recommend to the Board for approval to announce to Bursa Malaysia Securities Berhad. At the conclusion of each meeting, recommendations were made for Management to improve on internal controls, procedures and systems of the Group, wherever appropriate.

Audit Committee Report (cont'd)

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The Audit Committee monitored the implementation of the audit recommendations in the subsequent meetings to obtain assurances that all key risks and control concerns have been fully addressed.

INTERNAL AUDIT FUNCTION

The Audit Committee is supported by an in-house Internal Audit Department in the discharge of its duties and responsibilities. The Department provides independent and objective assurance on the adequacy and effectiveness of the risk management, internal control and governance processes.

The Internal Audit Department reviewed and evaluated the adequacy and effectiveness of the internal control system to anticipate any potential risk and recommended improvements, where necessary.

The department also assessed :

- (a) the Group's compliance to its established policies and procedures, guidelines and statutory requirements;
- (b) reliability and integrity of financial and operational information;
- (c) safeguarding of assets; and
- (d) operational effectiveness and efficiency.

The Management was required to explain any purported lack of compliance pursuant to the audit reports issued. The audit reports, incorporating relevant action plans agreed with the Management, were circulated to the respective Senior Management, Business Units Head, Group Financial Controller and were reviewed by the Audit Committee.

The Internal Audit Department also conducted several special assignments and investigations requested by Management. Validation of controls based on the key risk profile identified under the Enterprise - Wide Risk Management framework were also conducted in all subsidiaries to ensure those controls are in place and adequate. The resulting report was forwarded to the Management and Audit Committee for recommendations.

A follow-up audit review was also conducted to monitor and ensure that all audit recommendations have been effectively implemented.

There were no areas of the internal audit function which were outsourced. The total cost incurred for the internal audit function of the Group for the financial year was RM364,519.

Datuk Kisai bin Rahmat
Chairman
Audit Committee

STATEMENT ON INTERNAL CONTROL

RESPONSIBILITY

The Board of Directors (“the Board”) of Sapura Industrial Berhad acknowledges responsibility for maintaining a sound system of internal control for the Group and for reviewing its adequacy and integrity so as to safeguard shareholders’ investment and the assets of the Group whilst the management’s role is to implement Board policies on risk and control.

However, due to inherent limitation the Board recognises that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

KEY INTERNAL CONTROL PROCESS

In pursuing its responsibility, the Board has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place for the financial year under review and up to the date of approval of the Annual Report and Financial Statements. This process is regularly reviewed by the Board through its Audit Committee and is in accordance with the guidelines on Statement on Internal Controls: Guidance for Directors of Public Listed Companies.

The Audit Committee assists the Board in reviewing the adequacy and integrity of the system of internal controls of the Group. The Audit Committee is assisted by the Internal Audit Department which carries out regular and systematic review of the systems of internal control of the Group and also the extent of compliance with the Group’s operating policies and procedures.

The Internal Audit Department carries out internal control reviews on the financial and operating activities of the Group based on an annual plan that was presented and approved by the Audit Committee.

An Enterprise - Wide Risk Management framework through the application of the Corporate Risk Scorecard (CRS) has been established for Sapura Industrial Berhad. The risk assessment and findings were identified through a combination of interviews and a facilitated workshop. The process used in the interviews and workshop provided a structured approach in identifying, prioritising and managing the risks. The risks and controls are reviewed semi annually under the Group’s activities.

SYSTEM OF INTERNAL CONTROLS

The key elements of the framework of the internal control system of the Group are as follows:

- All major decisions require the approval of the Board and are only made after appropriate in-depth analysis. The Board meets regularly on a quarterly basis and reviews the financial and operational performance of the Group.
- All Departments and Divisions of the Group have clearly documented Policies and Procedures incorporating control and scope of responsibilities. These are regularly updated on practical needs and industry best practice.
- A manual called the Limit of Authority (“LoA”) is used throughout the Group and set out the authority limits on area of corporate, operation, financial and human resource. The LoA prescribes limits of authority and prohibit unfettered power within the various levels of management and Group members. The LoA may be reviewed by the Board upon the recommendation of management, to ensure its provisions are effective in managing risk and is practical for implementation.
- The Internal Audit Department independently reviews the control processes implemented by management and reports its findings and recommendations to the Audit Committee for presentation to the Board.
- The Audit Committee, on behalf of the Board, regularly reviews and holds discussion with management on the action taken on internal control issues identified in various reports prepared by the Internal Audit Department, the external auditors and the management.
- An Annual Budget and Business Plan is prepared and adopted by the Board to facilitate the Group in its business and financial performance. The Board reviews and monitors the achievements of the Group’s performance covering each business unit’s performance on a quarterly basis.
- Weekly Senior Management Meeting attended by Senior Management Team chaired by the Managing Director / Chief Executive Officer to deliberate on business, financial and operational issues which include reviewing and approving all key business strategic measures and policies Progress status of any internal control measures recommended to the business units during the course of internal audit was also reviewed.

Statement On Internal Control (cont'd)

- A monthly Operational Performance Meeting attended by respective Business Unit Heads and chaired by the Managing Director / Chief Executive Officer to review operational performance and progress of tasks undertaken.
- At each operating company level, a monthly company Management Meeting, chaired by the Business Unit Head and attended by all Department Heads to deliberate on operational issues and performance of the company.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Internal Control for the inclusion in the annual report of the Group for the financial year ended 31 January 2010 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

Statement made in accordance with a resolution of the Board of Directors dated 18 May 2010.

ADDITIONAL COMPLIANCE INFORMATION

Pursuant to Paragraph 9.25 of the Listing Requirements of Bursa Malaysia

1. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiary companies involving the Company's directors' and/or major shareholders' interests either still subsisting at the end of financial year, or which were entered into since the end of the previous financial year.

2. MATERIAL CONTRACTS RELATED TO LOAN

There were no material contracts related to loans entered into by the Company and/or its subsidiary companies involving the Company's directors' and/or major shareholders' interests during the financial year under review.

3. RECURRENT RELATED PARTY TRANSACTIONS ENTERED INTO DURING FINANCIAL YEAR ENDED 31 JANUARY 2010 PURSUANT TO SHAREHOLDERS' MANDATE

Shareholders' mandate were not required to be procured for recurrent related party transactions entered into during financial year ended 31 January 2010.

4. SHARE BUY-BACKS

There were no share buy-back exercises undertaken by the Company during the financial year under review.

5. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company has not issued any options, warrants or convertible securities during the financial year under review.

6. AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR)

There were no ADR or GDR programme sponsored by the Company during the financial year under review.

7. NON-AUDIT FEES

Apart from the annual audit fees, there were non-audit fees amounting to Ringgit Malaysia Five Thousand (RM 5,000) paid to Messrs Ernst & Young during the financial year under review.

8. PROFIT ESTIMATION, FORECAST OR PROJECTION

There were no profit estimation, forecast or projection made or released by the Company during the financial year under review.

9. PROFIT GUARANTEES

There were no profit guarantees given by the Company during the financial year under review.

10. REVALUATION POLICY ON LANDED PROPERTIES

There was no revaluation policy on landed properties undertaken by the Company or any of its subsidiaries during the financial year under review.

11. IMPOSITION OF SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company and/or its subsidiaries, Directors or Management arising from any significant breach of rules/guidelines/legislations by any of the regulatory authorities.

12. VARIATION IN RESULTS

There was no variation in results (differing by 10% or more) from unaudited results announced.

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

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

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Sapura Industrial Berhad
Annual Report 2010

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

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

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

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





agile

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



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DIRECTORS' REPORT

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Sapura Industrial Berhad
Annual Report 2010

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

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are described in Note 15 to the financial statements.

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

RESULTS

	Group	Company
	RM	RM
Profit for the year	8,093,519	3,715,796
Attributable to:		
Equity holders of the Company	8,096,962	3,715,796
Minority interest	(3,443)	—
	8,093,519	3,715,796

There were no material transfers to or from reserves or provisions during the financial year.

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

DIVIDENDS

The amount of dividend paid by the Company since 31 January 2009 was as follows:

In respect of the financial year ended 31 January 2009 as reported in the directors' report of that year:

	RM
Final tax exempt dividend of 3% on 72,775,737 ordinary shares, declared on 14 July 2009 and paid on 17 September 2009	2,183,272

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 31 January 2010 of 5% on 72,775,737 ordinary shares, amounting to a dividend payable of RM3,638,787 (5 sen net 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 accumulated losses in the financial year ending 31 January 2011.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir
 Datuk Shahril bin Shamsuddin
 Datuk Kisai bin Rahmat
 Dato' Azlan bin Hashim
 Dato' Mazlin bin Md Junid
 Shahrman bin Shamsuddin
 Ir. Md. Shah bin Hussin
 Shah Hakim bin Zain
 Azmi bin Hashim (alternate director to Dato' Azlan bin Hashim)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the share options to be granted pursuant to the Employee Share Option Scheme.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 8 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 the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 32 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 RM1 each			
	At 1.2.2009	Acquired	Sold	At 31.1.2010
The Company				
Sapura Industrial Berhad				
Direct interest:				
Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir	1,661,250	—	—	1,661,250
Datuk Shahril bin Shamsuddin	1,426,875	—	—	1,426,875
Shahrman bin Shamsuddin	663,175	—	—	663,175
Ir. Md. Shah bin Hussin (includes shares held by an associate)	90,498	—	—	90,498
Dato' Azlan bin Hashim	15,000	—	—	15,000
Indirect interest:				
Datuk Shahril bin Shamsuddin	32,420,391	—	—	32,420,391
Shahrman bin Shamsuddin	32,420,391	—	—	32,420,391

DIRECTORS' REPORT

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DIRECTORS' INTERESTS (CONT'D)

Sapura Industrial Berhad
Annual Report 2010

	Number of ordinary shares of RM1 each			
	At 1.2.2009	Acquired	Sold	At 31.1.2010
A fellow subsidiary				
Sapura Resources Berhad				
Direct interest:				
Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir	55,500	—	—	55,500
Datuk Shahril bin Shamsuddin	83,250	—	—	83,250
Shahriman bin Shamsuddin	83,250	—	—	83,250
Indirect interest:				
Datuk Shahril bin Shamsuddin	72,372,772	—	—	72,372,772
Shahriman bin Shamsuddin	72,372,772	—	—	72,372,772
Holding company				
Sapura Holdings Sdn. Bhd.				
Direct interest:				
Datuk Shahril bin Shamsuddin	30,147,187	—	—	30,147,187
Shahriman bin Shamsuddin	30,147,187	—	—	30,147,187
Indirect interest:				
Datuk Shahril bin Shamsuddin	11,165,626	—	—	11,165,626
Shahriman bin Shamsuddin	11,165,626	—	—	11,165,626

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

None of the other directors in office at the end of the financial year had any interest in shares and options over shares in the Company or its related corporations during the financial year.

EMPLOYEE SHARE OPTION SCHEME

The Company's Employee Share Option Scheme ("ESOS") is governed by the New By-Laws approved by the shareholders at an Extraordinary General Meeting held on 12 January 2005.

The salient features and other terms of the ESOS are disclosed in Note 21(b) to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the balance sheets and income statements of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in these financial statements 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) As 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 abilities 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.

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 18 May 2010.

Datuk Kisai bin Rahmat

Ir. Md. Shah bin Hussin

STATEMENT BY DIRECTORS

Pursuant to section 169(15) of the Companies Act, 1965

We, Datuk Kisai bin Rahmat and Ir. Md. Shah bin Hussin, being two of the directors of Sapura Industrial Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 62 to 117 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2010 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 May 2010.

Datuk Kisai bin Rahmat

Ir. Md. Shah bin Hussin

STATUTORY DECLARATION

Pursuant to section 169(16) of the Companies Act, 1965

I, Liyana Lee bte Abdullah, being the officer primarily responsible for the financial management of Sapura Industrial Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 62 to 117 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
Liyana Lee bte Abdullah at
Kajang in Selangor Darul Ehsan
on 18 May 2010

Liyana Lee bte Abdullah

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the members of Sapura Industrial Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Sapura Industrial Berhad, which comprise the balance sheets as at 31 January 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 62 to 117.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2010 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Ismed Darwis Bahatiar
No. 2921/04/12(J)
Chartered Accountant

Kuala Lumpur, Malaysia
18 May 2010

INCOME STATEMENTS

For the year ended 31 January 2010

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Sapura Industrial Berhad
Annual Report 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Revenue	3	232,576,734	240,422,149	23,687,947	16,995,466
Cost of sales		(193,839,892)	(205,412,836)	—	—
Gross profit		38,736,842	35,009,313	23,687,947	16,995,466
Other income	4	1,440,605	1,690,741	2,191,965	1,807,655
Administrative expenses		(24,682,961)	(21,728,453)	(20,137,489)	(14,073,065)
Selling and marketing expenses		(1,300,294)	(1,346,030)	(617,385)	(416,279)
Other expenses		(111,985)	(81,894)	(74,135)	(41,694)
Operating profit		14,082,207	13,543,677	5,050,903	4,272,083
Finance costs	5	(3,767,507)	(4,518,661)	(1,335,107)	(1,862,360)
Profit before tax	6	10,314,700	9,025,016	3,715,796	2,409,723
Taxation	9	(2,221,181)	(2,056,975)	—	(156,000)
Profit for the year		8,093,519	6,968,041	3,715,796	2,253,723
Attributable to:					
Equity holders of the Company		8,096,962	6,971,672	3,715,796	2,253,723
Minority interests		(3,443)	(3,631)	—	—
		8,093,519	6,968,041	3,715,796	2,253,723
Earnings per share attributable to equity holders of the Company (sen)					
Basic/diluted	10	11.13	9.58		

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

BALANCE SHEETS

As at 31 January 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Assets					
Non-current assets					
Property, plant and equipment	12	75,194,084	70,583,597	2,693,364	2,845,523
Prepaid land lease payments	13	21,643,977	21,893,564	14,648,862	14,817,796
Development expenditure	14	3,822,675	5,059,662	—	—
Investments in subsidiaries	15	—	—	28,957,878	28,957,878
Investment in associate	16	—	—	—	—
		100,660,736	97,536,823	46,300,104	46,621,197
Current assets					
Inventories	17	20,111,427	31,270,746	—	—
Amounts due from related parties	18	29,505	36,322	12,925,380	18,919,966
Trade and other receivables	19	65,292,874	53,016,170	370,719	981,603
Dividend receivable		—	—	17,082,000	14,126,000
Cash and bank balances	20	12,846,419	23,529,174	47,625	1,417,629
		98,280,225	107,852,412	30,425,724	35,445,198
Total assets		198,940,961	205,389,235	76,725,828	82,066,395
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	28	72,775,737	72,775,737	72,775,737	72,775,737
Share premium		2,200,126	2,200,126	2,200,126	2,200,126
Accumulated losses		(4,781,020)	(10,694,710)	(41,450,341)	(42,982,865)
		70,194,843	64,281,153	33,525,522	31,992,998
Minority interests		516,891	520,334	—	—
Total equity		70,711,734	64,801,487	33,525,522	31,992,998

BALANCE SHEETS

As at 31 January 2010 (cont'd)

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	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Equity and liabilities (cont'd)					
Non-current liabilities					
Retirement benefit obligations	21(a)	2,150,591	1,891,433	681,136	157,592
Provision	22	—	—	6,868,269	7,478,109
Borrowings	23	26,044,723	28,098,015	6,886,730	13,309,743
Deferred tax liabilities	25	6,610,060	7,045,056	—	—
		34,805,374	37,034,504	14,436,135	20,945,444
Current liabilities					
Amounts due to related parties	26	3,158,351	7,655,776	5,429,062	7,137,167
Trade and other payables	27	44,598,620	42,693,576	3,013,040	2,570,078
Borrowings	23	45,666,882	53,203,892	20,322,069	19,420,708
		93,423,853	103,553,244	28,764,171	29,127,953
Total liabilities		128,229,227	140,587,748	43,200,306	50,073,397
Total equity and liabilities		198,940,961	205,389,235	76,725,828	82,066,395

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 January 2010

← Attributable to equity holders of the Company →							
	Note	Share capital RM	Non-distributable Share premium RM	Accumulated losses RM	Total RM	Minority Interest RM	Total equity RM
At 1 February 2008		72,775,737	2,200,126	(15,483,110)	59,492,753	523,965	60,016,718
Profit for the year, being total recognised gains and losses for the year		—	—	6,971,672	6,971,672	(3,631)	6,968,041
Dividends	11	—	—	(2,183,272)	(2,183,272)	—	(2,183,272)
At 31 January 2009		72,775,737	2,200,126	(10,694,710)	64,281,153	520,334	64,801,487
At 1 February 2009		72,775,737	2,200,126	(10,694,710)	64,281,153	520,334	64,801,487
Profit for the year, being total recognised gains and losses for the year		—	—	8,096,962	8,096,962	(3,443)	8,093,519
Dividends	11	—	—	(2,183,272)	(2,183,272)	—	(2,183,272)
At 31 January 2010		72,775,737	2,200,126	(4,781,020)	70,194,843	516,891	70,711,734

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 January 2010

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	Note	Share capital	Non distributable Share premium	Accumulated losses	Total
		RM	RM	RM	RM
At 1 February 2008		72,775,737	2,200,126	(43,053,316)	31,922,547
Profit for the year, being total recognised gains and losses for the year		—	—	2,253,723	2,253,723
Dividends	11	—	—	(2,183,272)	(2,183,272)
At 31 January 2009		72,775,737	2,200,126	(42,982,865)	31,992,998
At 1 February 2009		72,775,737	2,200,126	(42,982,865)	31,992,998
Profit for the year, being total recognised gains and losses for the year		—	—	3,715,796	3,715,796
Dividends	11	—	—	(2,183,272)	(2,183,272)
At 31 January 2010		72,775,737	2,200,126	(41,450,341)	33,525,522

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 January 2010

	2010 RM	2009 RM
Cash flows from operating activities		
Profit before tax	10,314,700	9,025,016
Adjustments for:		
Depreciation of property, plant and equipment	10,700,144	9,582,074
Amortisation of prepaid lease payments	249,587	249,591
Property, plant and equipment written off	12,228	17,920
Amortisation of development expenditure	1,531,147	2,150,863
Impairment loss on property, plant and equipment	390,868	—
Short term accumulating compensated absences	79,356	(17,100)
Interest income	(140,386)	(374,880)
Bad debts written off	69,000	—
Provision for doubtful debts	86,146	523,855
Net unrealised loss on foreign exchange	(68,093)	216,236
Increase in liability for defined benefit plan	295,005	311,641
Gain on disposal of property, plant and equipment	(11,190)	(82,836)
Write down of inventories	831,032	1,406,187
Interest expense	3,767,507	4,518,661
Development expenditure written off	—	134,141
Operating profit before working capital changes	28,107,051	27,661,369
Increase in receivables	(12,352,143)	(16,605,326)
Decrease/(increase) in inventories	10,328,287	(9,350,582)
Increase in payables	2,347,018	18,748,449
Net changes in related parties balances	(4,490,608)	209,839
Cash generated from operations	23,939,605	20,663,749
Interest paid	(3,767,507)	(4,518,661)
Taxes paid	(3,157,274)	(3,477,839)
Retirement benefits paid	(67,694)	(29,582)
Net cash generated from operating activities	16,947,130	12,637,667
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,832,766)	(13,838,588)
Interest received	140,386	374,880
Proceeds from disposal of property, plant and equipment	678,102	361,834
Development expenditure incurred	(1,497,850)	(2,106,078)
Net cash used in investing activities	(14,512,128)	(15,207,952)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 January 2010 (cont'd)

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	2010 RM	2009 RM
Cash flow from financing activities		
Net repayment of term loans	(763,625)	(2,796,368)
Net (repayment)/drawdown of short term borrowings	(8,512,900)	13,623,646
Repayment of hire purchase and lease financing	(1,345,251)	(951,539)
Dividends paid	(2,183,272)	(2,183,272)
Net cash (used in)/generated from financing activities	(12,805,048)	7,692,467
Net (decrease)/increase in cash and cash equivalents	(10,370,046)	5,122,182
Cash and cash equivalents at beginning of year	19,794,823	14,672,641
Cash and cash equivalents at end of year (Note 20)	9,424,777	19,794,823

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

CASH FLOW STATEMENT

For the year ended 31 January 2010

	2010 RM	2009 RM
Cash flows from operating activities		
Profit before tax	3,715,796	2,409,723
Adjustments for:		
Depreciation of property, plant and equipment	418,121	368,529
Property, plant and equipment written off	12,511	—
Amortisation of prepaid lease payments	168,934	168,934
Dividend income	(11,000,000)	(8,000,000)
Short term accumulating compensated absences	112,858	(40,269)
Loss on disposal of property, plant and equipment	122,453	—
Impairment loss on property, plant and equipment	390,868	—
Interest income	(602,036)	(775,809)
Interest expense	1,335,107	1,862,360
Provision for doubtful debts	2,639,114	3,320,841
Increase in liability for defined benefit plan	525,002	60,429
Write back for corporate guarantee	(609,840)	(668,046)
Operating loss before working capital changes	(2,771,112)	(1,293,308)
Decrease/(increase) in receivables	610,884	(94,277)
Increase in payables	396,340	459,936
Net changes in related parties balances	1,595,307	(5,841,914)
Cash used in operations	(168,581)	(6,769,563)
Interest paid	(1,335,107)	(1,862,360)
Retirement benefits paid	(67,694)	(29,582)
Net cash used in operating activities	(1,571,382)	(8,661,505)
Cash flows from investing activities		
Dividend received	8,044,000	15,072,992
Interest received	602,036	775,809
Proceeds from disposal of property, plant and equipment	485,852	—
Purchase of property, plant and equipment	(266,307)	(90,028)
Net cash generated from investing activities	8,865,581	15,758,773
Cash flow from financing activities		
Net repayment of terms loans	(6,068,912)	(6,559,719)
Repayment of hire purchase and lease financing	(750,716)	(211,340)
Net drawdown of short term borrowings	(611,000)	4,245,000
Dividends paid	(2,183,272)	(2,183,272)
Net cash used in financing activities	(9,613,900)	(4,709,331)
Net increase in cash and cash equivalents	(2,319,701)	2,387,937
Cash and cash equivalents at beginning of year	1,417,334	(970,603)
Cash and cash equivalents at end of year (Note 20)	(902,367)	1,417,334

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

NOTES TO THE FINANCIAL STATEMENTS

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1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office of the Company is located at Lot 2 & 4, Jalan P/11 Seksyen 10, Kawasan Perindustrian Bangi, 43650 Bandar Baru Bangi, Selangor.

The holding company is Sapura Holdings Sdn. Bhd., a company incorporated in Malaysia.

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

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 18 May 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis.

The financial statements are presented in Ringgit Malaysia ("RM").

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

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

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

(ii) Basis of consolidation

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

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(a) Subsidiaries and basis of consolidation (cont'd)

(ii) Basis of consolidation (cont'd)

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

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

(b) Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

(i) Research and development costs

All research costs are recognised in the profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditures which do not meet these criteria are expensed when incurred.

Development costs, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each balance sheet date.

(d) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

Buildings	2%
Plant, machinery, electrical installation, factory equipment and application tools	10% to 33%
Furniture, fixtures, office equipment, renovations, computers and motor vehicles	8% to 25%

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(e) Impairment of non-financial assets

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

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

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

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

An impairment loss is recognised in profit or loss in the period in which it arises.

An impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

(f) Inventories

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

Cost is determined using the weighted average basis. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and appropriate proportions of production overheads.

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.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(g) Financial instruments

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

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

(i) Cash and cash equivalents

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

(ii) Receivables

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

(iii) Payables

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

(iv) Interest bearing loans and borrowings

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

(v) Equity instruments

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

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

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in income statement on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(h) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(h) Leases (cont'd)

(ii) Finance leases - the Group as lessee

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

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

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

(iii) Operating leases - the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. 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.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(iv) Operating Leases - the Group as lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 2.2(n)(ii)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(i) Borrowing costs

All borrowing costs are recognised in income statement in the period in which they are incurred.

(j) Income tax

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

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(j) Income tax (cont'd)

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

(k) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Provision for restructuring costs is recognised when a detailed and formal restructuring plan has been approved, and the restructuring has either commenced or has been announced publicly. Costs relating to ongoing activities are not provided for.

(l) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. 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 absences, and short term non-accumulating compensated absences 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(i) Employee benefits (cont'd)

(iii) Defined benefit plan

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value. Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

(iv) Share based compensation

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

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

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

(v) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after balance sheet date are discounted to present value.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(m) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in income statement for the period.

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 retranslation 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.

(n) Revenue recognition

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

(i) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Rental income

Rental income is recognised on an accrual basis and straight line basis over the term of the relevant lease.

(iii) Interest income

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

(iv) Dividend income

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

(v) Management Fees

Management fees are recognised when services are rendered.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(o) Government Grants

Government grants are recognised initially at their fair value in the balance sheet as deferred income where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants that compensate the Group for expenses incurred are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grants that compensate the Group for the cost of an asset are recognised as income on a systematic basis over the useful life of the asset.

2.3 Standards and Interpretation issued but not yet effective

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

Effective for financial periods beginning on or after 1 July 2009

FRS 8 - Operating Segments

Effective for financial periods beginning on or after 1 January 2010

FRS 4 - Insurance Contracts

FRS 7 - Financial Instruments: Disclosures

FRS 101 - Presentation of Financial Statements (revised)

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

Amendments to FRSs 'Improvements to FRSs (2009)'

IC Interpretation 9 - Reassessment of Embedded Derivatives

IC Interpretation 10 - Interim Financial Reporting and Impairment

IC Interpretation 11 - FRS 2 – Group and Treasury Share Transactions

IC Interpretation 13 - Customer Loyalty Programmes

IC Interpretation 14 - FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

TR i – 3: Presentation of Financial Statements of Islamic Financial Institutions

Effective for financial periods beginning on or after 1 July 2010

FRS 1 - First-time Adoption of Financial Reporting Standards

FRS 3 - Business Combinations (revised)

FRS 127 - Consolidated and Separate Financial Statements (amended)

Amendments to FRS 2 - Share-based Payment

Amendments to FRS 5 - Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS 138 - Intangible Assets

Amendments to IC Interpretation 9 - Reassessment of Embedded Derivatives

IC Interpretation 12 - Service Concession Arrangements

IC Interpretation 15 - Agreements for the Construction of Real Estate

IC Interpretation 16 - Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17 - Distributions of Non-cash Assets to Owners

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080 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Effective for financial periods beginning on or after 1 July 2010 (cont'd)

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

FRS 3: Business Combinations (revised) and FRS 127: Consolidated and Separate Financial Statements (amended)

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

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

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

FRS 8: Operating Segment

FRS 8 replaces FRS 114²⁰⁰⁴: Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

FRS 101: Presentation of Financial Statements (revised)

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

FRS 123: Borrowing Costs

This Standard supersedes FRS 123²⁰⁰⁴: Borrowing Costs that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense. In accordance with the transitional provisions of the Standard, the Group will apply the change in accounting policy prospectively for which the commencement date for capitalisation of borrowing cost on qualifying assets is on or after the financial period 1 January 2010.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

Amendments to FRSS 'Improvements to FRSS (2009)'

- FRS 8 Operating Segments: Clarifies that segment information with respect to total asset is required only if they are included in measures of segment profit or loss that are used by the 'chief operating decision maker'.
- FRS 101 Presentation of Financial Statements: Clarifies that financial instruments classified as held for trading in accordance with FRS139 Financial Instruments: Recognition and Measurement are not automatically presented as current in the balance sheet. The amendment further clarifies that the classification of the liability component of a convertible instrument as current or non-current is not affected by the terms that could, at the option of the holder, result in settlement of the liability by the issue of equity instruments.
- FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Clarifies that only implementation guidance that is an integral part of an FRS is mandatory when selecting accounting policies.
- FRS 116 Property, Plant and Equipment: The amendment replaces the term "net selling price" with "fair value less costs to sell". It also clarifies that items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.
- FRS 117 Leases: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.
- FRS 118 Revenue: The amendment provides additional guidance on whether an entity is acting as a principal or an agent. It also aligns the definition of costs incurred in originating a financial asset that should be deferred and recognised as an adjustment to the effective interest by replacing the term 'direct costs' with 'transaction costs' as defined in FRS 139.

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082 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Amendments to FRSs 'Improvements to FRSs (2009)' (cont'd)

- FRS 119 Employee Benefits: The amendment revises the definition of 'past service costs', 'return on plan assets' and 'short term' and 'other long-term' employee benefits. It clarifies that the costs of administering the plan may be either recognised in the rate of return on plan assets or included in the actuarial assumptions used to measure the defined benefit obligation. The amendment further clarifies that amendment to plans that result in a reduction in benefits related to future services are curtailments. It also deleted the reference to the recognition of contingent liabilities to ensure consistency with FRS 137 Provisions, Contingent Liabilities and Contingent Assets.
- FRS 123 Borrowing Costs: The definition of borrowing costs is aligned with FRS 139 by referring to the use of effective interest rate as a component of borrowing cost.
- FRS 127 Consolidated and Separate Financial Statements: The amendment clarifies that when a parent entity accounts for a subsidiary at fair value in accordance with FRS 139 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.
- FRS 140 Investment Property: Property under construction or development for future use as an investment property is classified as investment property. Where the fair value model is applied, such property is measured at fair value. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. The Group has previously accounted for such assets using the cost model. The amendment also includes changes in terminology in the Standard to be consistent with FRS 108. The change will be applied prospectively.

2.4 Significant accounting estimates and judgements

The preparation of financial statements require management to make judgement, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The key judgements and assumptions concerning the future made and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Write down of inventories

Inventories are written down to reflect the current net realisable value based on estimated selling price less selling and distribution costs and all other estimated costs to completion. In arriving at the net realisable value, due allowance was made for slow-moving and obsolete items.

(ii) Depreciation of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be 10 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.

(iii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and provisions to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and provisions 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. The total carrying value of recognised tax losses, capital allowances and provisions of the Group and of the Company were approximately RM15,015,520 (2009: RM13,074,732) and RM1,586,868 (2009: RM1,374,420) respectively. The unrecognised tax losses, capital allowances, reinvestment allowances and provisions of the Group and of the Company were approximately RM79,177,770 (2009: RM77,134,518) and RM22,870,765 (2009: RM21,147,430) respectively.

3. REVENUE

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Sales of goods	232,576,734	240,422,149	—	—
Management fees	—	—	12,687,947	8,995,466
Dividends from subsidiaries	—	—	11,000,000	8,000,000
	232,576,734	240,422,149	23,687,947	16,995,466

4. OTHER INCOME

Included in other income are:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Rental income	22,400	47,450	1,476,272	872,359
Interest income from:				
Deposits	140,386	374,880	2,388	12,373
Subsidiaries	—	—	599,648	763,436
Gain on disposal of property, plant and equipment	133,643	98,026	—	—
Income from sales of scrap	698,702	820,977	—	—
Write back of provision for doubtful debts	—	—	—	33,105

5. FINANCE COSTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Interests expense on:				
Term loans	1,848,559	2,107,897	749,640	1,164,738
Overdrafts	191,826	330,998	14,370	48,634
Revolving credit	740,009	1,073,954	303,033	437,987
Hire purchase and lease payables	144,438	116,183	49,241	58,967
Bankers' acceptances	482,360	588,869	98,888	84,146
Letter of credits	155,318	167,583	—	—
Related parties	—	—	97,221	52,227
Others	204,997	133,177	22,714	15,661
	3,767,507	4,518,661	1,335,107	1,862,360

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6. PROFIT BEFORE TAX

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Employee benefits expense (Note 7)	24,975,818	24,619,836	9,042,417	5,807,397
Non-executive directors' remuneration (Note 8)	245,000	234,500	245,000	234,500
Amortisation of development expenditure	1,531,147	2,150,863	—	—
Auditors' remuneration				
- Statutory audit	114,000	114,000	27,000	27,000
- Other services	5,000	15,000	5,000	15,000
Depreciation of property, plant and equipment	10,700,144	9,582,074	418,121	368,529
Amortisation of prepaid lease payments	249,587	249,591	168,934	168,934
Foreign exchange (gain)/loss				
- Unrealised	(68,093)	216,236	—	—
- Realised	(119,677)	143,452	—	—
Development expenditure written off	—	134,141	—	—
Loss on disposal of property, plant and equipment	122,453	15,190	122,453	—
Write down of inventories	831,032	1,406,187	—	—
Bad debts written off	69,000	—	—	—
Property, plant and equipment written off	12,228	17,920	12,511	—
Impairment loss on property, plant and equipment	390,868	—	390,868	—
Write back for corporate guarantee	—	—	(609,840)	(668,046)
Provision for doubtful debts				
- Trade and other receivables	86,146	511,855	—	—
- Due from subsidiaries	—	—	2,639,114	3,353,946
- Due from an affiliate	—	12,000	—	—
Rental expense				
- premises	403,496	590,990	1,252,344	670,414
- motor vehicles	41,189	136,957	93,750	211,045
- equipment	65,541	67,750	—	—

7. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Wages and salaries	17,592,663	18,809,707	6,418,299	4,392,129
Social security contribution	210,170	210,050	42,763	21,633
Contributions to defined contribution plan	1,832,521	1,943,186	636,584	514,470
Increase in liability for defined benefit plan	295,005	311,641	525,002	60,429
Short term accumulating compensated absences	79,356	(17,100)	112,858	(40,269)
Other benefits	4,966,103	3,362,352	1,306,911	859,005
	24,975,818	24,619,836	9,042,417	5,807,397

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM3,161,778 (2009: RM2,816,669) and RM2,952,079 (2009: RM951,283) respectively as further disclosed in Note 8.

8. DIRECTORS' REMUNERATION

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	891,870	1,136,611	891,870	799,651
Bonus in respect of previous year	117,900	113,400	117,900	72,900
Retirement sum	200,000	—	200,000	—
Contributions to defined contribution plan	92,592	124,056	92,592	78,732
Benefits-in-kind	135,421	60,129	135,421	60,129
	1,437,783	1,434,196	1,437,783	1,011,412
Non-Executive:				
Fees	218,500	206,000	218,500	206,000
Other emoluments	26,500	28,500	26,500	28,500
	245,000	234,500	245,000	234,500
	1,682,783	1,668,696	1,682,783	1,245,912

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8. DIRECTORS' REMUNERATION (CONT'D)

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Directors of Subsidiaries				
Executive:				
Salaries and other emoluments	1,493,841	992,763	1,306,570	—
Bonus in respect of previous year	169,291	294,991	169,291	—
Contributions to defined contribution plan	196,284	154,848	173,856	—
Benefits-in-kind	95,126	57,616	90,081	—
	1,954,542	1,500,218	1,739,798	—
	3,637,325	3,168,914	3,422,581	1,245,912
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration, excluding benefits-in-kind (Note 7)	3,161,778	2,816,669	2,952,079	951,283
Total non-executive directors' remuneration, excluding benefits-in-kind (Note 6)	245,000	234,500	245,000	234,500
Total directors' remuneration excluding benefits-in-kind	3,406,778	3,051,169	3,197,079	1,185,783

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2010	2009
Executive:		
RM600,001 - RM650,000	—	1
RM650,001 - RM700,000	1	—
RM750,001 - RM800,000	(#) 1	—
RM800,001 - RM850,000	—	1
Non-executive:		
Below RM50,000	(#) 8	7

Redesignation of the retired Managing Director from executive to non-executive.

9. TAXATION

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Malaysian income tax:				
Current year	2,656,177	2,890,531	—	—
Underprovision in prior years	—	9,499	—	156,000
	2,656,177	2,900,030	—	156,000
Deferred tax (Note 25):				
Relating to origination and reversal of temporary differences	(652,969)	(544,355)	(137,262)	—
Relating to changes in tax rates	—	(298,827)	—	—
Underprovision in prior years	217,973	127	137,262	—
	(434,996)	(843,055)	—	—
	2,221,181	2,056,975	—	156,000

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

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

	2010 RM	2009 RM
Group		
Profit before tax	10,314,700	9,025,016
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	2,578,675	2,256,254
Effect of changes in tax rates on opening balance of deferred tax	—	(298,827)
Effect of expenses not deductible for tax purposes	1,191,464	832,861
Effect of income not subject to tax	—	—
Utilisation of reinvestment allowance arising from current year	(2,498,326)	(1,323,673)
Utilisation of previously unrecognised tax assets	(43,768)	(493,003)
Deferred tax assets not recognised during the year	775,163	1,073,737
Underprovision of income tax in prior years	—	9,499
Underprovision of deferred tax in prior years	217,973	127
	2,221,181	2,056,975

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9. TAXATION (CONT'D)

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	2010 RM	2009 RM
Company		
Profit before tax	3,715,796	2,409,723
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	928,949	602,431
Effect of expenses not deductible for tax purposes	1,017,682	981,842
Effect of income not subject to tax	(2,750,000)	(2,000,000)
Utilisation of previously unrecognised tax assets	—	(75,654)
Deferred tax assets not recognised during the year	666,107	491,381
Under/(overprovision) of income tax in prior years	—	156,000
Underprovision of deferred tax in prior years	137,262	—
	—	156,000

Tax savings during the financial year arising from:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Utilisation of current year tax losses	369,068	228,070	369,068	218,090
Unused tax losses carried forward	34,382,552	36,525,005	19,615,875	18,651,645

10. EARNINGS PER SHARE

(a) Basic:

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

	2010 RM	2009 RM
Profit attributable to ordinary equity holders of the Company	8,096,962	6,971,672
Weighted average number of ordinary shares in issue	72,775,737	72,775,737
Basic earnings per share (sen)	11.13	9.58

10. EARNINGS PER SHARE (CONT'D)**(b) Diluted:**

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

	2010 RM	2009 RM
Profit attributable to ordinary equity holders of the Company	8,096,962	6,971,672
Weighted average number of ordinary shares in issue	72,775,737	72,775,737
Effect of dilution: Share options *	—	—
Adjusted weighted average number of ordinary shares in issue and issuable	72,775,737	72,775,737
Diluted earnings per share (sen)	11.13	9.58

* The effect of dilution arising from the assumed conversion of options under the Company's ESOS is anti-dilutive.

11. DIVIDENDS

	Amount		Net dividends per share	
	2010 RM	2009 RM	2010 RM	2009 RM

Recognised during the year:

Final tax exempt dividend for 31 January 2008
of 3% on 72,775,737 ordinary shares approved
on 9 July 2008

—	2,183,272	—	3
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Final tax exempt dividend for 31 January 2009
of 3% on 72,775,737 ordinary shares approved
on 14 July 2009

2,183,272	—	3	—
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At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 31 January 2010 of 5% on 72,775,737 ordinary shares, amounting to a dividend payable of RM3,638,787 (5 sen net 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 accumulated losses in the financial year ending 31 January 2011.

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12. PROPERTY, PLANT AND EQUIPMENT

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	Buildings	Plant, machinery, electrical installation, factory equipment and application tools	Furniture, fixtures, equipment, renovation, computers and motor vehicles	Total
	RM	RM	RM	RM
Group				
At 31 January 2010				
Cost				
At 1 February 2009	23,137,656	180,777,136	11,747,022	215,661,814
Additions	278,300	12,979,631	1,919,018	15,176,949
Disposals	—	(1,437,171)	(1,834,213)	(3,271,384)
Write offs	—	(945,832)	(234,633)	(1,180,465)
Transfer from development expenditure	—	1,203,690	—	1,203,690
At 31 January 2010	23,415,956	191,373,764	11,597,194	227,590,604
Accumulated depreciation and impairment				
At 1 February 2009	6,803,617	130,047,751	8,226,849	145,078,217
Depreciation charge for the year	601,463	9,082,600	1,016,081	10,700,144
Impairment loss for the year	390,868	—	—	390,868
Disposals	—	(1,429,300)	(1,175,172)	(2,604,472)
Write offs	—	(918,362)	(249,875)	(1,168,237)
At 31 January 2010	7,795,948	136,782,689	7,817,883	152,396,520
Analysed as:				
Accumulated depreciation	5,971,947	101,828,541	7,641,867	115,442,355
Accumulated impairment losses	1,824,001	34,954,148	176,016	36,954,165
	7,795,948	136,782,689	7,817,883	152,396,520
Net carrying amount	15,620,008	54,591,075	3,779,311	75,194,084

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

	Buildings	Plant, machinery, electrical installation, factory equipment and application tools	Furniture, fixtures, equipment, renovation, computers and motor vehicles	Total
	RM	RM	RM	RM
Group (cont'd)				
At 31 January 2009				
Cost				
At 1 February 2008	23,137,656	178,738,212	10,542,030	212,417,898
Additions	—	15,164,197	1,388,013	16,552,210
Disposals	—	(1,422,420)	(130,000)	(1,552,420)
Write offs	—	(11,702,853)	(53,021)	(11,755,874)
At 31 January 2009	23,137,656	180,777,136	11,747,022	215,661,814
Accumulated depreciation and impairment				
At 1 February 2008	6,368,377	134,785,855	7,353,287	148,507,519
Depreciation charge for the year	435,240	8,091,213	1,055,621	9,582,074
Disposals	—	(1,143,422)	(130,000)	(1,273,422)
Write offs	—	(11,685,895)	(52,059)	(11,737,954)
At 31 January 2009	6,803,617	130,047,751	8,226,849	145,078,217
Analysed as:				
Accumulated depreciation	5,370,484	95,093,603	8,050,833	108,514,920
Accumulated impairment losses	1,433,133	34,954,148	176,016	36,563,297
	6,803,617	130,047,751	8,226,849	145,078,217
Net carrying amount	16,334,039	50,729,385	3,520,173	70,583,597

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	Building	Plant, machinery, and factory equipment	Furniture, fixtures, equipment, renovation, computers and motor vehicles	Total
	RM	RM	RM	RM
Company				
At 31 January 2010				
Cost				
At 1 February 2009	2,265,637	73,532	3,236,031	5,575,200
Additions	—	—	1,225,586	1,225,586
Transfer from subsidiaries	—	—	178,994	178,994
Disposals	—	—	(1,187,353)	(1,187,353)
Write offs	—	—	(135,262)	(135,262)
At 31 January 2010	2,265,637	73,532	3,317,996	5,657,165
Accumulated depreciation and impairment				
At 1 February 2009	599,300	34,951	2,095,426	2,729,677
Charge for the year	45,314	10,302	362,505	418,121
Transfer from subsidiaries	—	—	126,934	126,934
Impairment loss for the year	390,868	—	—	390,868
Disposals	—	—	(579,048)	(579,048)
Write offs	—	—	(122,751)	(122,751)
At 31 January 2010	1,035,482	45,253	1,883,066	2,963,801
Analysed as:				
Accumulated depreciation	644,614	45,253	1,883,066	2,572,933
Accumulated impairment loss	390,868	—	—	390,868
	1,035,482	45,253	1,883,066	2,963,801
Net carrying amount	1,230,155	28,279	1,434,930	2,693,364

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

	Building	Plant, machinery, and factory equipment	Furniture, fixtures, equipment, renovation, computers and motor vehicles	Total
	RM	RM	RM	RM
Company				
At 31 January 2009				
Cost				
At 1 February 2008	2,265,637	73,532	2,577,003	4,916,172
Additions	—	—	659,028	659,028
At 31 January 2009	2,265,637	73,532	3,236,031	5,575,200
Accumulated depreciation				
At 1 February 2008	553,987	24,649	1,782,512	2,361,148
Charge for the year	45,313	10,302	312,914	368,529
At 31 January 2009	599,300	34,951	2,095,426	2,729,677
Net carrying amount	1,666,337	38,581	1,140,605	2,845,523

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

- (a) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM15,176,949 (2009: RM16,552,210) and RM1,225,586 (2009: RM659,028) respectively, of which RM1,344,183 (2009: RM2,713,622) and RM959,279 (2009: RM569,000) respectively were acquired by means of hire purchase and finance lease arrangements.

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Factory equipment and machinery	1,748,693	2,002,168	—	—
Office equipment and computers	111,780	427,072	111,780	325,532
Motor vehicles	1,458,266	898,746	959,279	543,567
	3,318,739	3,327,986	1,071,059	869,099

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 24.

- (b) The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 23) are as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Buildings	7,631,642	7,969,461	1,230,155	1,666,337
Plant and machinery	3,873,154	4,474,654	—	—
	11,504,796	12,444,115	1,230,155	1,666,337

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Plant, machinery, electrical installation, factory equipment and application tools	50,707,601	47,316,952	—	—
Furniture, fixtures, equipment, renovation, computers and motor vehicles	3,553,981	4,457,394	563,674	1,317,697

- (d) During the financial year, the Company carried out a review of the recoverable amount of an unoccupied factory. This review led to the recognition of an impairment loss of RM390,868.

13. PREPAID LAND LEASE PAYMENTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At beginning of year	21,893,564	22,143,155	14,817,796	14,986,730
Amortisation for the year	(249,587)	(249,591)	(168,934)	(168,934)
At end of year	21,643,977	21,893,564	14,648,862	14,817,796
Analysed as:				
Long term leasehold land	21,643,977	21,893,564	14,648,862	14,817,796

Leasehold land of the Group and of the Company with an aggregate carrying amount of RM7,563,872 (2009: RM7,658,526) and RM3,813,917 (2008: RM3,865,064) respectively are pledged as securities for borrowings (Note 23).

14. DEVELOPMENT EXPENDITURE

	Group	
	2010 RM	2009 RM
Cost		
At beginning of year	16,822,286	14,850,349
Incurred during the year	1,497,850	2,106,078
Transfer to property, plant and equipment	(1,276,899)	—
Written off	—	(134,141)
At end of year	17,043,237	16,822,286
Accumulated amortisation		
At beginning of year	11,762,624	9,611,761
Amortisation	1,531,147	2,150,863
Transfer to property, plant and equipment	(73,209)	—
At end of year	13,220,562	11,762,624
Net carrying amount	3,822,675	5,059,662

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15. INVESTMENTS IN SUBSIDIARIES

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	Company	
	2010 RM	2009 RM
Unquoted shares in Malaysia, at cost	61,439,524	61,439,524
Less: Accumulated impairment losses	(32,481,646)	(32,481,646)
	28,957,878	28,957,878

Details of subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of Company	Principal Activities	Group's effective interest	
		2010 %	2009 %

Held by the Company

Sapura Machining Corporation Sdn. Bhd.	Manufacture and sale of high value added machined products for the automotive industry.	100	100
Asian Automotive Steels Sdn. Bhd.	Manufacture and sale of stabiliser bar and cold drawn high grade structured steel bars used in the automotive, electronics and electrical industries.	100	100
Sapura Automotive Industries Sdn. Bhd.	Manufacture and sale of coil springs, shock absorbers and strut assemblies, constant velocity joint, axle module & front corner module assemblies for the automotive industry.	100	100
International Autoparts Sdn. Bhd.	Trading of auto parts in retail/after sales market.	100	100
Automotive Specialist Centre Sdn. Bhd.	Dormant.	100	100
Sapura Brake Technologies Sdn. Bhd.	Manufacture, supply and sale of brake systems for the automotive industry.	100	100
Sapura Technical Centre Sdn. Bhd.	Computer aided design and computer aided manufacture of tools, jigs and dies and engineering services in design, modifications and fabrications of sub-system/system for the application in production and testing.	100	100

15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of subsidiaries, all of which are incorporated in Malaysia, are as follows: (cont'd)

Name of Company	Principal Activities	Group's effective interest	
		2010 %	2009 %
Held by the Company (cont'd)			
Isencorp Sdn. Bhd.	Dormant	100	100
Sapura-Schulz Hydroforming Sdn. Bhd.	Manufacture and sale of butt-weld fittings for oil and gas industries.	75	75
Subang Properties Sdn. Bhd.	Dormant	51.68	51.68
Held by International Autoparts Sdn. Bhd.			
Awaltek Sdn. Bhd.	Dormant	100	100

16. INVESTMENT IN AN ASSOCIATE

	Group	
	2010 RM	2009 RM
Unquoted shares in Malaysia, at cost	300,000	300,000
Share of post-acquisition loss	(300,000)	(300,000)
	—	—

Details of associate, which is incorporated in Malaysia, are as follows:

Name of Company	Principal Activities	Group's effective interest	
		2010 %	2009 %
Ciri Tegap Sdn. Bhd.*		33	33

* Audited by a firm of auditors other than Ernst & Young

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17. INVENTORIES

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	Group	
	2010 RM	2009 RM
At cost:		
Materials and component parts	10,402,017	21,050,623
Work-in-progress	1,895,861	1,979,827
Finished goods	3,074,791	3,593,674
Spares and tools	4,480,553	4,514,153
Consumables	258,205	132,469
	20,111,427	31,270,746

18. AMOUNTS DUE FROM RELATED PARTIES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Amounts due from:				
Subsidiaries	—	—	37,197,537	40,582,514
Related companies	41,505	48,322	29,505	—
An affiliate	5,816,770	5,816,770	—	—
	5,858,275	5,865,092	37,227,042	40,582,514
Less: Provision for doubtful debts	(5,828,770)	(5,828,770)	(24,301,662)	(21,662,548)
	29,505	36,322	12,925,380	18,919,966

Related companies refer to companies in the Sapura Holdings Sdn. Bhd. group of companies.

An affiliate refers to the Schulz Export GmbH, a fellow subsidiary of Sophisticated Pipe Industry Production Sdn. Bhd., a corporate shareholder of a subsidiary of the Company, Sapura-Schulz Hydroforming Sdn. Bhd.

The amounts due from related parties are unsecured, non-interest bearing and are repayable on demand, except for an amount due from subsidiaries of RM11,474,513 (2009: RM15,334,400) which attract interest rate of 4.08% (2009: 5.05%) per annum.

Further details on related party transactions are disclosed in Note 32.

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade receivables	60,081,232	42,495,404	—	—
Less: Provision for doubtful debts	(262,563)	(176,417)	—	—
Trade receivables, net	59,818,669	42,318,987	—	—
Other receivables				
Deposits	508,717	467,402	160,850	113,155
Advances	219,983	164,980	93,448	29,359
Prepayments	2,929,540	2,766,901	115,843	115,110
Other receivables	1,830,902	7,392,544	578	723,979
Tax recoverable	470,267	390,560	—	—
Less: Provision for doubtful debts	5,959,409 (485,204)	11,182,387 (485,204)	370,719 —	981,603 —
Other receivables, net	5,474,205	10,697,183	370,719	981,603
	65,292,874	53,016,170	370,719	981,603

Trade receivables are non-interest bearing. The Group's normal trade credit term ranges from 30 to 90 days (2009: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. Overdue balances are reviewed regularly by senior management.

As at the balance sheet date, the Group has significant concentration of credit risk in the form of outstanding balances due from 2 (2009: 2) groups of debtors representing 86% (2009: 89%) of the total net trade receivables.

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20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash on hand and at banks	6,468,876	8,397,304	47,625	417,629
Deposits with licensed banks	6,377,543	15,131,870	—	1,000,000
Cash and bank balances	12,846,419	23,529,174	47,625	1,417,629
Less: Bank overdrafts (Note 23)	(3,421,642)	(3,734,351)	(949,992)	(295)
Cash and cash equivalents	9,424,777	19,794,823	(902,367)	1,417,334

The weighted average effective interest rates and average maturities of deposits with licensed banks at balance sheet date of the Group were 2.02% (2009: 2.08%) per annum and 30 days (2009: 30 days) respectively.

The weighted average effective interest rates and average maturities of deposits with licensed banks at balance sheet date of the Company in the previous year were 1.7% per annum and 2 days respectively.

21. EMPLOYEE BENEFITS

(a) Retirement benefit obligations

The Group operates an unfunded, defined benefit Retirement Benefit Scheme (“the Scheme”) for its eligible employees. The Group’s obligation under the Scheme is determined based on the latest actuarial valuation by an independent valuer for the financial year 2010 until 2012. Under the Scheme, eligible employees are entitled to retirement benefits varying between 46% and 100% of their final salary on attainment of the retirement age of 55.

The amounts recognised on the balance sheet are determined as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Present value of unfunded defined benefit obligations, representing net liabilities	2,184,980	1,957,669	681,136	223,828
Analysed as:				
Current (Note 27)	34,389	66,236	—	66,236
Non-current	2,150,591	1,891,433	681,136	157,592
	2,184,980	1,957,669	681,136	223,828

21. EMPLOYEE BENEFITS (CONT'D)**(a) Retirement benefit obligations (cont'd)**

The amount recognised in the income statement are as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Current service costs	176,458	220,300	486,774	49,833
Interest cost	118,547	91,341	38,228	10,596
Total, included in employee benefits expense	295,005	311,641	525,002	60,429

Movements in the net liability in the current year were as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At beginning of year	1,957,669	1,675,610	223,828	192,981
Recognised in income statement	295,005	311,641	525,002	60,429
Contributions paid	(67,694)	(29,582)	(67,694)	(29,582)
At end of year	2,184,980	1,957,669	681,136	223,828

Principal actuarial assumptions used:

	2010 %	2009 %
Discount rate	5.5	5.5
Expected rate of salary increases		
- Executives	5.5	5.5
- Non executives	5.5	5.5

Assumptions regarding future mortality are based on published statistics and mortality tables.

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21. EMPLOYEE BENEFITS (CONT'D)

(b) Employee share option scheme ("ESOS")

The ESOS is governed by the new by-laws approved by the shareholders at an Extraordinary General Meeting held on 12 January 2005.

The salient features of the new By-Laws are as follows:

- (i) The total number of shares to be issued under the ESOS shall not exceed in aggregate 15% of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS.
- (ii) The total number of options granted to eligible employees who are executive directors and senior management of the Group shall not exceed 50% of the total share options available under ESOS.
- (iii) The total number of options granted to eligible employees who holds 20% or more of the Company's issued and paid-up capital, either singly or collectively through connected person, shall not exceed 10% of the total share options available under ESOS.
- (iv) The effective date of the ESOS was 10 May 2001 and shall be in force for a period of five (5) years subject however to an extension at the discretion of the ESOS Committee for a period of up to five (5) years commencing from the date of expiration of the original five (5) year period.
- (v) Each option granted entitles the eligible employee to subscribe for new ordinary shares of RM1 each in the Company. The price at which the eligible employee is entitled to subscribe for each share under an option shall be the average of the mean market quotation of the shares of the Company as shown in the Daily Official List issued by Bursa Malaysia Securities Berhad for the five market days immediately preceding the offer date.
- (vi) The number of ESOS shares relating to the option, the option price, the minimum number of shares to be exercised in a year and the method of exercise of the option so far as the option remains unexercised may be adjusted following any variation in the issued share capital of the Company by way of rights issues, bonus issues, consolidation, sub-division or reduction of the Company's share capital made by the Company during the option period.
- (vii) The ESOS shares under option shall remain unissued until the option is exercised and shall on allotment rank pari passu in all respects with the existing shares of the Company at the time of allotment save that they will not entitle the holders thereof to receive any rights or to any dividend or allotment or other distribution declared to the shareholders of the Company as at a date prior to the allotment of such ESOS shares.

Information with respect to the number of options under the ESOS at exercise price of RM1.00 per share which is exercisable between 10 May 2001 and 9 May 2011 is as follows:

	Number of Share Options	
	2010	2009
At the beginning/end of year	313,500	313,500

22. PROVISION

	Provision for corporate guarantee
	RM
At 1 February 2008	8,146,155
Unused amount reversed	(668,046)
At 1 February 2009	7,478,109
Unused amount reversed	(609,840)
At 31 January 2010	6,868,269

The provision relates to a proportionate share of corporate guarantee extended by the Company to a bank for credit facilities granted to a subsidiary.

23. BORROWINGS

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Short term borrowings				
Secured:				
Bank overdrafts	1,275,766	1,488,886	—	—
Revolving credits	3,250,000	3,250,000	450,000	450,000
Term loans	6,191,169	5,237,432	2,820,000	2,820,000
	10,716,935	9,976,318	3,270,000	3,270,000
Unsecured:				
Bank overdrafts	2,145,876	2,245,465	949,992	295
Bankers' acceptances	10,842,746	19,355,646	3,834,000	4,445,000
Revolving credits	17,200,000	17,200,000	8,200,000	8,200,000
Term loan	4,017,647	3,624,363	3,763,397	3,270,733
Hire purchase payables (Note 24)	743,678	802,100	304,680	234,680
	34,949,947	43,227,574	17,052,069	16,150,708
	45,666,882	53,203,892	20,322,069	19,420,708

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23. BORROWINGS (CONT'D)

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Long term borrowings				
Secured:				
Term loans	20,130,619	13,548,872	2,250,000	5,070,000
Unsecured:				
Term loan	3,877,116	12,569,509	3,877,116	7,618,692
Hire purchase payables (Note 24)	2,036,988	1,979,634	759,614	621,051
	5,914,104	14,549,143	4,636,730	8,239,743
	26,044,723	28,098,015	6,886,730	13,309,743
Total borrowings				
Bank overdrafts (Note 20)	3,421,642	3,734,351	949,992	295
Revolving credits	20,450,000	20,450,000	8,650,000	8,650,000
Bankers' acceptances	10,842,746	19,355,646	3,834,000	4,445,000
Term loans	34,216,551	34,980,176	12,710,513	18,779,425
Hire purchase payables	2,780,666	2,781,734	1,064,294	855,731
	71,711,605	81,301,907	27,208,799	32,730,451
Maturity of borrowings (excluding hire purchase and finance lease):				
Within 1 year	44,932,202	52,401,792	20,017,389	19,186,028
More than 1 year and less than 2 years	9,812,037	10,314,884	6,018,552	6,198,049
More than 2 years and less than 5 years	14,186,700	15,096,237	108,564	6,490,643
More than 5 years	—	707,260	—	—
	68,930,939	78,520,173	26,144,505	31,874,720

23. BORROWINGS (CONT'D)

The weighted average effective interest rates per annum at balance sheet date for the borrowings, excluding hire purchase and finance lease payables, were as follows:

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Bank overdrafts	6.86	7.44	6.83	7.45
Revolving credits	4.15	4.46	3.60	4.16
Bankers' acceptances	3.35	4.04	3.76	5.11
Term loans	4.52	5.46	4.39	5.09

The secured bank overdrafts and revolving credits of the Group are secured by certain assets of the Group. (Note 12(b)).

The term loans are secured by a first legal charge over certain leasehold land (Note 13), buildings and certain assets of the Company and certain subsidiaries (Note 12(b)).

The unsecured borrowings are guaranteed by the Company and certain subsidiaries and a negative pledge over all fixed and other assets of the Company.

24 HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Future minimum lease payments:				
Not later than 1 year	998,867	935,413	365,328	288,330
Later than 1 year and not later than 2 years	792,296	704,660	298,902	277,046
Later than 2 years and not later than 5 years	1,297,120	1,481,041	539,184	406,562
	3,088,283	3,121,114	1,203,414	971,938
Less: Finance charges	(307,616)	(339,380)	(139,120)	(116,207)
	2,780,667	2,781,734	1,064,294	855,731
Analysis of present value of finance lease liabilities:				
Not later than 1 year	743,678	802,100	304,680	234,680
Later than 1 year and not later than 2 years	729,764	610,305	260,129	241,201
Later than 2 years and not later than 5 years	1,307,225	1,369,329	499,485	379,850
	2,780,667	2,781,734	1,064,294	855,731
Less: Amount due within 12 months (Note 23)	(743,678)	(802,100)	(304,680)	(234,680)
Amount due after 12 months (Note 23)	2,036,989	1,979,634	759,614	621,051

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106 24 HIRE PURCHASE AND FINANCE LEASE LIABILITIES (CONT'D)

The Group and the Company have hire purchase contracts for various items of plant and equipment (Note 12(a)). These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the Group and the Company by entering into these leases and no arrangements have been entered into for contingent rental payments.

The hire purchase and finance lease liabilities of the Group and of the Company attract interest rate during the year varying between 2.20% to 5.86% (2009: 2.55% to 5.86%) and 3.25% to 4.80% (2009: 3.25% to 4.80%) per annum respectively.

Other information of financial risks of hire purchase and finance lease liabilities are disclosed in Note 33.

25. DEFERRED TAX

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At the beginning of year	7,045,056	7,888,111	—	—
Recognised in the income statement (Note 9)	(434,996)	(843,055)	—	—
At the end of year	6,610,060	7,045,056	—	—

Deferred tax assets of the Group:

	Unutilised reinvestment and investment tax allowances	Unabsorbed capital allowances	Provisions	Total
	RM	RM	RM	RM
At 1 February 2008	(1,938,159)	(551,755)	(806,656)	(3,296,570)
Recognised in the income statement	360,897	272,499	(605,509)	27,887
At 31 January 2009	(1,577,262)	(279,256)	(1,412,165)	(3,268,683)
Recognised in the income statement	(996,722)	464,033	47,492	(485,197)
At 31 January 2010	(2,573,984)	184,777	(1,364,673)	(3,753,880)

25. DEFERRED TAX (CONT'D)

Deferred tax liabilities of the Group:

	Accelerated capital allowances	Development expenditure capitalised	Total
	RM	RM	RM
At 1 February 2008	9,816,868	1,367,813	11,184,681
Recognised in the income statement	(773,691)	(97,251)	(870,942)
At 31 January 2009	9,043,177	1,270,562	10,313,739
Recognised in the income statement	388,968	(338,767)	50,201
At 31 January 2010	9,432,145	931,795	10,363,940

Deferred tax asset of the Company:

	Unabsorbed capital allowances
	RM
At 1 February 2008	(144,417)
Recognised in the income statement	(199,188)
At 31 January 2009	(343,605)
Recognised in the income statement	(53,112)
At 31 January 2010	(396,717)

Deferred tax liability of the Company:

	Accelerated capital allowances
	RM
At 1 February 2008	144,417
Recognised in the income statement	199,188
At 31 January 2009	343,605
Recognised in the income statement	53,112
At 31 January 2010	396,717

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25. DEFERRED TAX (CONT'D)

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Unused tax losses	38,789,519	36,525,005	19,615,875	18,651,645
Unabsorbed capital allowances	33,026,438	26,925,347	1,929,572	908,160
Unabsorbed reinvestment and investment tax allowances	1,790,499	1,793,091	—	—
Other temporary differences	14,125,381	19,562,813	2,266,410	1,587,625
	87,731,837	84,806,256	23,811,857	21,147,430

Deferred tax assets have not been recognised in respect of the above items as it is not probable that future taxable profits will be available against which they may be utilised.

The unused tax losses and unabsorbed capital allowances of the Group and of the Company are available for offsetting against future taxable profits 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.

26. AMOUNTS DUE TO RELATED PARTIES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Amounts due to:				
Holding company	394,538	2,605,873	384,122	2,595,457
Related companies	2,763,813	5,049,903	1,171,809	1,083,812
Subsidiaries	—	—	3,873,131	3,457,898
	3,158,351	7,655,776	5,429,062	7,137,167

Related companies refer to companies in the Sapura Holdings Sdn. Bhd. group of companies.

The amounts due to related parties are unsecured, non-interest bearing and are repayable on demand, except for an amount due to a subsidiary of RM2,800,000 (2009 : RM1,100,000) which attracted interest rate of 3.47% (2009 : 4.82%) per annum.

Further details on related party transactions are disclosed in Note 32.

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade payables	19,473,806	19,449,726	—	—
Other payables				
Retirement benefit obligations - current portion (Note 21(a))	34,389	66,236	—	66,236
Accruals	17,682,589	16,397,147	2,342,668	1,627,948
Other payables	7,287,558	6,238,799	670,372	875,894
Current tax payable	120,278	541,668	—	—
	25,124,814	23,243,850	3,013,040	2,570,078
	44,598,620	42,693,576	3,013,040	2,570,078

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 60 days (2009: 30 to 60 days).

28. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2010 RM	2009 RM	2010 RM	2009 RM
Authorised	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid	72,775,737	72,775,737	72,775,737	72,775,737

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.

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29. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

The Group and the Company have entered into non-cancellable operating lease agreements for the use of land, buildings and certain plant and equipment. These leases have an average life of between 1 and 2 years with renewal but no purchase option included in the contracts. The Group and the Company are required to give, on an average, a 3-month notice for the termination of these leases.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Future minimum lease payables:				
Not later than 1 year	2,945,096	1,670,684	1,148,424	492,684
Later than 1 year and not later than 5 years	35,200	280,000	—	—
	2,980,296	1,950,684	1,148,424	492,684

30. CAPITAL COMMITMENTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Capital expenditure				
Property, plant and equipment:				
Approved and contracted for	6,769,035	7,177,194	—	—
Approved but not contracted for	4,884,606	3,243,594	832,215	1,021,422
	11,653,641	10,420,788	832,215	1,021,422

31. CONTINGENT LIABILITIES

	Company	
	2010 RM	2009 RM
Corporate guarantee given to banks for credit facilities granted to subsidiaries (unsecured)	58,746,500	58,746,500

(a) On 20 November 2007, Schulz Export GmbH ("Schulz Export"), a fellow subsidiary of Sophisticated Pipe Industry Production Sdn. Bhd. (formerly known as Schulz (Manufacturing) Sdn. Bhd.) ("SPIP"), a corporate shareholder of Sapura-Schulz Hydroforming Sdn. Bhd. ("Sapura-Schulz"), through Schulz Export's solicitors filed a Statement of Claim (which was amended on 13 January 2009 and re-amended on 6 February 2009) against Sapura-Schulz, a 75% subsidiary of Sapura Industrial Berhad ("the Company" or "SIB") for breach of a Business Operations Agreement ("BOA") dated 3 April 2004 and a License Agreement dated 3 April 2004 ("LA") entered into between Sapura-Schulz and Schulz Export, for inter alia:

- (i) EUR500,377 for loss of profits;
- (ii) EUR424,168 and USD43,109 for rectification works; and
- (iii) Anti-dumping cost amounting to USD140,000.

(b) On 20 November 2007, SPIP, a 25% shareholder in Sapura-Schulz, through SPIP's solicitors filed a Statement of Claim against SIB for breach of a Shareholders Agreement ("SA") dated 3 April 2004 entered into between SIB and SPIP, for inter alia:

- (i) RM26,000,000; and
- (ii) damages for breach of fiduciary duties.

The SA, BOA and LA were executed along with an Asset Sale Agreement dated 13 October 2003 (together with two supplemental agreements dated 14 November 2003 and 3 April 2004 respectively) ("ASA") between Sapura-Schulz and SPIP and an Assignment Agreement dated 23 June 2005 between Wilh Schulz GmbH ("Wilh Schulz"), Schulz Export, SPIP and Sapura-Schulz ("AA") (collectively referred to "the Agreements") which all stem from a Heads of Agreement ("HOA") dated 3 July 2003 entered into between SIB and Wilh Schulz setting out the understanding between the parties with regard to the joint venture between Wilh Schulz and Sapura-Schulz.

In order to inter alia enable SIB to bring all claims arising under the Agreements and under the HOA against inter alia Wilh Schulz and Wolfgang Leonhard Schulz (the alter ego of Wilh Schulz) and to confer jurisdiction on the arbitrator to hear all related matters under the above two arbitration proceedings, the arbitrator directed that SIB, Sapura-Schulz, Wilh Schulz, Schulz Export, SPIP and Wolfgang Leonhard Schulz executed an Ad Hoc Arbitration Agreement ("Ad Hoc Agreement") on 22 February 2008.

These two arbitration proceedings are by consent heard together by one arbitrator and various directions were given by the arbitrator on 1 October 2007 whereupon these matters were fixed for hearing from 12 January 2009 to 23 January 2009.

On 29 May 2008, SIB and Sapura-Schulz, through their solicitors, filed their respective defences and the following counterclaims to these matters:

- (i) Sapura-Schulz counterclaimed against Schulz Export for breach of contract for RM5,838,956 and general damages of RM97,034,078; and
- (ii) SIB counterclaimed against SPIP for breach of contract for RM24,000,000 and general damages of RM91,988,862.

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31. CONTINGENT LIABILITIES (CONT'D)

On 12 January 2009, the Claimant's solicitors submitted their request to amend Schulz Export's previous claim against Sapura-Schulz for rectification works from USD40,771 to USD43,108 and to include an additional claim by Schulz Export against Sapura-Schulz for anti-dumping cost amounting to USD140,000. SIB's solicitors objected to the inclusion of the additional claim. The Arbitrator allowed the amendments after hearing submissions by both counsels and Sapura-Schulz is given liberty to amend its Defence and Counterclaim on such claims by Schulz Export.

This matter was partly heard from 12 January 2009 to 15 January 2009 and was then scheduled to be reheard from 20 to 28 July 2009. The hearing dates on 16 to 23 January 2009, 20, 21, 27 and 28 July 2009 were vacated by the Arbitrator.

Following the conclusion of the hearing from 22 to 24 July 2009, SIB filed their Written Submissions dated 30 October 2009 and the Written Submissions In Reply dated 20 November 2009. The Claimants also served their Written Submissions dated 2 November 2009 and Written Submissions In Reply dated 20 November 2009.

These arbitration matters were fixed for hearing of oral submissions on 25 and 26 November 2009 and the hearing was concluded.

SIB now awaits the arbitrator's award on the decision of these arbitration.

32. RELATED PARTY DISCLOSURES

(a) Significant related party transactions

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Holding company				
Corporate service fee	1,219,206	1,269,251	1,219,206	1,269,251
Subsidiaries				
Interest expense	—	—	97,222	52,227
Rental expense	—	—	1,242,181	603,312
Interest income	—	—	(599,648)	(763,436)
Management fees	—	—	(12,687,947)	(8,995,466)
Dividend income	—	—	(11,000,000)	(8,000,000)
Rental income	—	—	(1,475,272)	(810,000)
Companies within Sapura Holdings				
Sdn. Bhd. Group				
Sapura Auto Sdn. Bhd.				
– Purchase of motor vehicles	464,330	—	464,330	—
– Services rendered	7,438	—	7,438	—
Sapura Resource Berhad				
– Rental expenses	109,103	130,638	109,103	130,638

Information regarding outstanding balance arising from related party transactions as at 31 January 2010 are disclosed in Notes 18 and 26.

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed between parties.

32. RELATED PARTY DISCLOSURES (CONT'D)**(b) Compensation of key management personnel**

The remuneration of members of key management during the year excluding directors was as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Wages and salaries	819,046	1,071,349	692,550	1,071,349
Contributions to defined contribution plan	98,700	122,457	83,400	122,457
Benefits-in-kind	23,749	42,373	21,170	42,373
	941,495	1,236,179	797,120	1,236,179

The remuneration of directors are disclosed in Note 8.

33. FINANCIAL INSTRUMENTS**(a) Financial risk management objectives and policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines approved by the Board and the Group's policy is not to engage in speculative transactions.

(b) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debts as the Group has no long term interest-bearing assets as at 31 January 2010 and 31 January 2009. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

(c) Foreign exchange risk

The Group operates locally. However, a proportion of the Company's purchases of inventories, mechanical parts and machineries, and certain sales are exposed to various currencies, mainly Japanese Yen, Euro, United States Dollar, Thai Baht and Sterling Pound. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Where the Group foresees significant exchange rate fluctuations, material foreign exchange exposures in Japanese Yen and Euro are hedged with derivative financial instruments, namely, forward foreign exchange contracts.

As at 31 January 2010, there was no forward foreign exchange contracts being entered into by the Group.

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33. FINANCIAL INSTRUMENTS (CONT'D)

(c) Foreign exchange risk (cont'd)

The net unhedged financial assets and liabilities of the Group that are not denominated in Ringgit Malaysia are as follows:

Group

	United States Dollar	Thai Baht	Japanese Yen	Euro Dollar	Sterling Pound	Hong Kong Dollar
	RM	RM	RM	RM	RM	RM
At 31 January 2010:						
Trade payables	(2,670,040)	(72,179)	(69,820)	(1,563,232)	—	(360,806)
Other payables	—	—	(491,521)	(201,589)	(5,332)	—
Trade receivables	100,180	—	—	—	—	—
Other receivables	674,494	—	—	—	—	—
At 31 January 2009:						
Trade payables	(3,962,633)	(38,062)	(1,299,204)	(87,483)	(80,893)	—
Other payables	(449,756)	—	(28,654)	(3,607)	—	—
Trade receivables	49,231	—	—	14,874	—	—

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible instruments 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.

(e) Credit risk

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

As at the balance sheet date, the Group has significant concentration of credit risk in the form of outstanding balance due from 2 (2008: 2) groups of debtors representing 89% (2009: 77%) of the total net trade receivables.

33. FINANCIAL INSTRUMENTS (CONT'D)**(f) Fair values**

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximate their fair values due to the relatively short term maturity of these financial instruments, except for the following:

	Group		Company	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial liabilities				
At 31 January 2010:				
Hire purchase and finance lease payables	2,780,666	2,795,665	1,064,294	1,200,851
Term loans	34,216,551	30,214,717	12,710,513	11,483,757
At 31 January 2009:				
Hire purchase and finance lease payables	2,781,734	2,711,927	855,731	864,352
Term loans	34,980,176	35,317,265	18,779,425	18,779,492

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

- (i) Cash and Cash Equivalents, Receivables, Payables and Short Term Borrowings
The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.
- (ii) Borrowings
The fair value of borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

34. SEGMENT INFORMATION**(a) Business segments:**

The Group is organised into three major business segments:

- (i) Manufacturing - the manufacture and supply of products for the automotive, electronics and electrical industries and manufacture of butt-weld fittings for oil and gas industries
- (ii) Investment holding - the holding of investments and provision of management services to subsidiaries;
- (iii) Services - sales and after sales services of automobiles; and
- (iv) Others - providing computer aided design and manufacture of sub-systems/systems for applications in production and testing and real property.

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34. SEGMENT INFORMATION (CONT'D)

(b) Geographical segments:

The Group's operations are carried out solely in Malaysia.

(c) Allocation basis

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Business segments

	Manufacturing	Investment Holding	Services	Others	Eliminations	Consolidated
	RM	RM	RM	RM	RM	RM
31 January 2010						
Revenue						
External	228,811,583	—	—	3,765,151	—	232,576,734
Intra/inter-segment	12,104,401	23,687,947	—	—	(35,792,348)	—
Total revenue	240,915,984	23,687,947	—	3,765,151	(35,792,348)	232,576,734
Result						
Segment results, representing profit/(loss) from operations	19,193,943	4,451,255	(27,967)	(560,639)	(8,974,385)	14,082,207
Finance costs						(3,767,507)
Income tax expense						(2,221,181)
Profit for the year						8,093,519
Assets						
Consolidated segment assets	187,217,776	73,925,828	612	3,189,574	(65,392,829)	198,940,961
Liabilities						
Consolidated segment liabilities	137,527,495	40,400,287	8,630,811	9,874,245	(68,203,611)	128,229,227
Other Information						
Capital expenditure	15,046,396	1,223,742	—	479,161	(74,500)	16,674,799
Depreciation	10,061,096	587,038	—	52,010	—	10,700,144
Amortisation	1,611,800	168,934	—	—	—	1,780,734

34. SEGMENT INFORMATION (CONT'D)

Business segments (cont'd)

	Manufacturing	Investment Holding	Services	Others	Eliminations	Consolidated
	RM	RM	RM	RM	RM	RM
31 January 2009						
Revenue						
External	240,108,348	—	—	313,801	—	240,422,149
Intra/inter-segment	8,064,164	16,995,466	—	2,036,970	(27,096,600)	—
Total revenue	248,172,512	16,995,466	—	2,350,771	(27,096,600)	240,422,149
Result						
Segment results, representing profit/ (loss) from operations	16,178,865	4,272,083	(84,490)	(656,763)	(6,166,018)	13,543,677
Finance costs						(4,518,661)
Income tax expense						(2,056,975)
Profit for the year						6,968,041
Assets						
Consolidated segment assets	192,731,865	82,066,395	33,275	2,459,157	(71,901,457)	205,389,235
Liabilities						
Consolidated segment liabilities	138,098,866	50,073,397	8,613,652	8,488,217	(64,686,384)	140,587,748
Other Information						
Capital expenditure	17,999,260	659,028	—	—	—	18,658,288
Depreciation	9,191,177	368,529	—	22,368	—	9,582,074
Amortisation	2,231,520	168,934	—	—	—	2,400,454

ANALYSIS OF SHAREHOLDINGS

As at 27 May 2010

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Authorised Share Capital	:	RM100,000,000
Issued and Paid-up Share Capital	:	RM72,775,737 Comprising 72,775,737 Ordinary Shares of RM1.00 each.
No. of Shareholders	:	4,415

DISTRIBUTION OF ORDINARY SHARES

Based on Record of Depositors as at 27 May 2010

Size of Holdings	No. of Shares	% Over Total Shares	No. of Holders	% Over Total Shareholders
Less than 100	1,919	0	54	1.22
100 to 1,000	202,778	0.28	278	6.30
1,001 to 10,000	10,643,681	14.63	3,611	81.79
10,001 to 100,000	11,230,568	15.43	443	10.03
100,001 to 3,638,785	13,276,400	18.24	27	0.61
3,638,786 & above	37,420,391	51.42	2	0.05
Total	72,775,737	100.00	4,415	100.00

DIRECTORS' DIRECT AND DEEMED INTERESTS IN THE ORDINARY SHARES

Based on Register of Directors' Shareholdings as at 27 May 2010

Director	No. of ordinary shares of RM1.00 each held			
	Direct Interest		Deemed Interest	
	No. of Shares Held	%	No. of Shares Held	%
Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir	1,661,250	2.28	—	—
Datuk Shahril bin Shamsuddin	1,426,875	1.96	32,420,391 ¹	44.55
Ir. Md. Shah bin Hussin (includes shares held by an associate)	90,498	0.12	—	—
Dato' Azlan bin Hashim	15,000	0.02	—	—
Dato' Mazlin bin Md Junid	—	—	—	—
Shah Hakim bin Zain	—	—	—	—
Datuk Kisai bin Rahmat	—	—	—	—
Shahriman bin Shamsuddin	663,175	0.91	32,420,391 ¹	44.55

Notes:

¹ Deemed interested by virtue of their substantial shareholdings in Sapura Holdings Sdn. Bhd., pursuant to section 6A of the Companies Act, 1965

THIRTY (30) LARGEST SHAREHOLDERS
Based on Record of Depositors as at 27 May 2010

No.	Name	No. of Shares Held	%
1	Sapura Holdings Sdn. Bhd.	32,420,391	44.55
2	Puncak Exotika Sdn. Bhd.	5,000,000	6.87
3	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An for Citibank NA, Singapore (Julius Baer)	3,000,000	4.12
4	Tan Seri Dato' Seri Ir. Shamsuddin bin Abdul Kadir	1,661,250	2.28
5	Yeoh Kean Hua	1,570,000	2.16
6	Datuk Shahril bin Shamsuddin	1,426,875	1.96
7	Shahriman bin Shamsuddin	663,175	0.91
8	Soh Kok Heng	559,500	0.77
9	Lee Siew Hoon	511,600	0.70
10	Soh Boon Kiet	449,000	0.62
11	Leong Hon Wah	360,000	0.49
12	Tan Yee Kong	344,000	0.47
13	Lim Jack Sek	299,000	0.41
14	Tan Teck Peng	276,000	0.38
15	Sing Kong Wey	202,100	0.28
16	Tan Yee Seng	202,000	0.28
17	Lee See Jin	188,200	0.26
18	Lee Kim Seng	158,000	0.22
19	Lam Pun Ying	150,000	0.21
20	Ang Kai Chan	145,000	0.20
21	Saw Guat Ngoh	141,000	0.19
22	Universal Trustee (Malaysia) Berhad Ronfield Limited	135,000	0.18

ANALYSIS OF SHAREHOLDINGS

As at 27 May 2010

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Sapura Industrial Berhad
Annual Report 2010

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D) Based on Record of Depositors as at 27 May 2010

No.	Name	No. of Shares Held	%
23	Ananda Krishna A/L Sithamberam Pillay	133,500	0.18
24	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chan Wah En (E-SGM)	133,000	0.18
25	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Hiew Chee Lip	120,200	0.17
26	Tan Kai Li	119,000	0.16
27	Heng Huah Ker	113,000	0.16
28	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Phua Lee Ping	110,000	0.15
29	Tee Beng Kang	106,000	0.15
30	Kok Tat Koon	100,000	0.14
TOTAL		50,796,791	69.80

SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	Sapura Holdings Sdn. Bhd.	32,420,391	44.55
2	Puncak Exotika Sdn. Bhd.	5,000,000	6.87
TOTAL		37,420,391	51.42

PARTICULARS OF PROPERTIES

Location	Description / Existing Use	Land Area	Tenure/Year Of Expiring	Approximate Age of Building (years)	Net Book Value As at 31.01.2010 RM'000 / Date of Last Revaluation/ *Acquisition
HS (M) 9725, PT No 11556 Mukim Kajang Daerah Hulu Langat Selangor Darul Ehsan Postal address: No. 11, Jalan P/1 Seksyen 13 Kawasan Perindustrian Bangi 43650 Bandar Baru Bangi Selangor Darul Ehsan	Industrial land / factory cum office	1.2141 ha.	99-year lease expiring 29.09.2086	19	8,598 / 08.03.1994
HS (D) 52700 & 52701 PT No 40849 & 40850 Bandar Baru Bangi Daerah Hulu Langat Selangor Darul Ehsan Postal address: Lot 2 & 4, Jalan P/11 Seksyen 10 Kawasan Perindustrian Bangi 43650 Bandar Baru Bangi Selangor Darul Ehsan	Industrial land / factory cum office	6,552m ² & 7,241m ²	99-year lease expiring 19.08.2098	15	7,095 / *05.06.1992
HS (D) 52726 & 52727 PT No 40875 & 40876 Bandar Baru Bangi Daerah Hulu Langat Selangor Darul Ehsan Postal address: Lot 1 & 3, Jalan P/14 Seksyen 10 Kawasan Perindustrian Bangi 43650 Bandar Baru Bangi Selangor Darul Ehsan	Industrial land / factory cum office	2,326m ² & 1,833m ²	99-year lease expiring 19.08.2098	14	2,338 / *15.11.1994
HS (M) 549, PT 98 Mukim Bukit Katil Daerah Melaka Tengah Melaka Postal address: Lot 98, Jalan Usaha 7 Kawasan Perindustrian Ayer Keroh 75450 Melaka	Industrial land / factory cum office	5a.1r.15.2p	99-year lease expiring 30.05.2072	30	2,348 / *30.01.1995

PARTICULARS OF PROPERTIES

Location	Description / Existing Use	Land Area	Tenure/Year Of Expiring	Approximate Age of Building (years)	Net Book Value As at 31.01.2010 RM'000 / Date of Last Revaluation/ *Acquisition
HS (D) 87682, PT No 56915 Seksyen 9 Bandar Baru Bangi Daerah Hulu Langat Selangor Darul Ehsan Postal address: Lot 5, Persiaran Usahawan Taman IKS, Seksyen 9 43650 Bandar Baru Bangi Selangor Darul Ehsan	Vacant industrial land	20,460.5m ²	99-year lease expiring 18.07.2103	Nil	5,474 / *12.06.2002
HS (D) 87683, PT No 56916 Seksyen 9 Bandar Baru Bangi Daerah Hulu Langat Selangor Darul Ehsan Postal address: Lot 7, Persiaran Usahawan Taman IKS, Seksyen 9 43650 Bandar Baru Bangi Selangor Darul Ehsan	Vacant industrial land	20,502.6m ²	99-year lease expiring 18.07.2103	Nil	5,361 / *01.11.2001
HS (D) 25354, PT No 6733 Mukim Gurun Daerah Kuala Muda Kedah Darul Aman Postal address: Lot 58, Kawasan Perindustrian Berat Gurun 08300 Gurun Kedah Darul Aman	Industrial land / factory cum office	49,824m ²	99-year lease expiring 06.02.2104	5	4,497 / 08.05.2007
Postal address: Lot No 6, Jalan Perusahaan 6 Kawasan Perusahaan Kuala Selangor 45000 Kuala Selangor Selangor Darul Ehsan	Industrial land / factory cum office	126,324 ft ²	99-year lease No expiry date as separate document of title has not been issued	14	1,553 / 19.01.2005
Total					37,264

Revaluation of landed properties

The directors have not adopted a policy of regular revaluation of the landed properties.

PROXY FORM



Sapura Industrial Berhad (17547-W)

Total number of Proxy(ies) appointed
 Proportion of shareholdings to be represented by
 each proxy
 Total number of shares held
 CDS Account No.

Proxy 1 %	Proxy 2 %

I/We NRIC No.
 (Full Name in Capital Letters)

of
 (Full Address)

being a Member of SAPURA INDUSTRIAL BERHAD, do hereby appoint
 (Full Name in Capital Letters)

NRIC No. of
 (Full Address)

or failing him/her, NRIC No.
 (Full Name in Capital Letters)

of
 (Full Address)

or failing him/her, the CHAIRMAN OF THE MEETING, as my/our proxy to vote for me/us on my/our behalf at the 34th 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, 21 July 2010 at 11.00 a.m. or at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your vote to be cast. If no specific direction as to voting is given, the Proxy will vote or abstain from voting at his/her discretion.

Resolutions		For	Against
ORDINARY RESOLUTION 1	To lay the Audited Financial Statements & Reports, for the financial year ended 31 January 2010.		
ORDINARY RESOLUTION 2	Payment of first and final dividend.		
ORDINARY RESOLUTION 3	Re-election of Datuk Kisai bin Rahmat.		
ORDINARY RESOLUTION 4	Re-election of Encik Ir. Md. Shah bin Hussin.		
ORDINARY RESOLUTION 5	Re-election of Encik Shahrman bin Shamsuddin.		
ORDINARY RESOLUTION 6	Re-election of Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir.		
ORDINARY RESOLUTION 7	Re-appointment of Messrs Ernst & Young as Auditors of the Company.		
ORDINARY RESOLUTION 8	Payment of Directors' fees.		
ORDINARY RESOLUTION 9	To authorise the Directors under Section 132D of the Companies Act, 1965, to allot and issue new shares in the Company.		

Dated this day of 2010

Signature/Common Seal of Shareholder

NOTES:-

- A member of the Company who is entitled to attend and vote at this Meeting is entitled to appoint not more than 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 at least one (1) proxy 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 two (2) proxies to attend and vote, 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 of the corporation duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 2 & 4, Jalan P/11, Seksyen 10, Kawasan Perindustrian Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan, not less than forty eight (48) hours before the time set for holding the Meeting or any adjournment thereof.

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Proxy Form

STAMP

The Company Secretary
Sapura Industrial Berhad (17547-W)
Lot 2 & 4, Jalan P/11, Seksyen 10
Kawasan Perindustrian Bangi
43650 Bandar Baru Bangi
Selangor Darul Ehsan