

SAPURACREST PETROLEUM BERHAD
(Company No : 45631-D)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 APRIL 2005

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30/4/2005 RM'000	Preceding year corresponding quarter 30/4/2004 RM'000	Three months to 30/4/2005 RM'000	Three months to 30/4/2004 RM'000
1. (a) Revenue	364,939	139,812	364,939	139,812
(b) Operating expenses	(323,438)	(125,632)	(323,438)	(125,632)
(c) Other operating income	214	2,386	214	2,386
(d) Profit from operations	41,715	16,566	41,715	16,566
(e) Finance cost	(12,534)	(4,880)	(12,534)	(4,880)
(f) Profit before share of associated companies and jointly controlled entities' results	29,181	11,686	29,181	11,686
(g) Share of profit of associated companies and jointly controlled entities	714	321	714	321
(h) Profit before taxation and minority interests	29,895	12,007	29,895	12,007
(i) Taxation	(1,410)	11,836	(1,410)	11,836
(j) Profit after taxation and before minority interests	28,485	23,843	28,485	23,843
(k) Minority interests	(8,325)	(13,407)	(8,325)	(13,407)
(l) Net profit attributable to members of the company	20,160	10,436	20,160	10,436
2. Earnings per share (sen)				
Basic	<u>2.29</u>	<u>1.47</u>	<u>2.29</u>	<u>1.47</u>
Diluted	<u>2.02</u>	<u>1.22</u>	<u>2.02</u>	<u>1.22</u>

The condensed consolidated income statement should be read in conjunction with the Annual Financial Statements for the year ended 31 January 2005.

SAPURACREST PETROLEUM BERHAD
(Company No : 45631-D)
Incorporated in Malaysia

II. CONDENSED CONSOLIDATED BALANCE SHEET

	UNAUDITED As at end of current quarter 30/4/2005 RM'000	AUDITED As at preceding financial year end 31/1/2005 RM'000
1. Property, plant and equipment	620,316	597,318
2. Investment in associated companies	21,602	21,057
3. Jointly controlled entities	1,318	1,343
4. Patent costs	46	-
5. Deferred tax assets	1,691	1,734
6. Goodwill on consolidation	130,201	115,297
	<u>775,174</u>	<u>736,749</u>
7. CURRENT ASSETS		
Inventories	36,834	34,420
Trade & other receivables	675,499	518,411
Amount due from ultimate holding company	-	1,074
Amount due from associated company	2,280	2,280
Amount due from jointly controlled entities	23	22
Amount due from related companies	5,824	5,824
Cash and bank balances	338,328	383,803
	1,058,788	945,834
8. CURRENT LIABILITIES		
Trade & other payables	411,853	335,900
Amount due to ultimate holding company	86	73
Amount due to related companies	3,344	3,613
Borrowings	200,378	165,188
Taxation	12,976	12,402
	628,637	517,176
9. Net current assets	430,151	428,658
	<u>1,205,325</u>	<u>1,165,407</u>
10. Shareholders' funds		
Share capital	175,811	175,811
Redeemable cumulative convertible preference shares	1,301	1,301
Reserves		
Share premium	183,090	183,090
Revaluation reserve	7,678	7,678
Capital reserve	3,519	3,519
Merger reserve	51,989	51,989
Exchange reserve	(190)	(180)
Retained profit / (accumulated losses)	6,775	(13,385)
Total reserves	252,861	232,711
	429,973	409,823
11. Minority interests	164,746	152,883
12. Borrowings	602,376	600,798
13. Deferred taxation	8,230	1,903
	<u>1,205,325</u>	<u>1,165,407</u>
14. Net tangible assets per share (RM) *	<u>0.34</u>	<u>0.33</u>

* After deducting intangible assets of RM134,888,000 (2004: RM119,938,000) which includes goodwill on consolidation, goodwill in associated companies and patent costs.

* Based on 879,055,375 of ordinary shares of RM0.20 each (2004 : 879,055,375 of RM0.20 each)

The condensed consolidated balance sheet should be read in conjunction with the Annual Financial Statements for the year ended 31 January 2005

SAPURACREST PETROLEUM BERHAD
(Company No: 45631-D)
Incorporated in Malaysia

III. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Three months to 30/4/2005 RM'000	Unaudited Three months to 30/4/2004 RM'000
Profit before taxation	29,895	12,007
Adjustments:		
Depreciation and amortisation	16,660	15,653
Interest expenses	12,534	4,880
Interest income	(1,624)	(438)
Share of profit of associated companies and jointly controlled entities	(714)	(321)
Other operating items	(33)	(518)
Operating profit before working capital changes	<u>56,718</u>	<u>31,263</u>
Changes in working capital		
Net change in current assets	(157,191)	(244,877)
Net change in current liabilities	73,706	222,428
Cash (used in) / generated from operations	<u>(26,767)</u>	<u>8,814</u>
Interest paid	(6,687)	(4,552)
Taxation paid	(3,709)	(3,340)
Net cash (used in) / generated from operating activities	(37,163)	922
Investing Activities		
Net cash used in acquisition of a subsidiary company (Note 2)	(27,304)	-
Purchase of property, plant and equipment	(8,043)	(2,796)
Additional shares subscribed in an associated company	-	(1,094)
Proceeds from disposal of property, plant and equipment	-	423
Interest income	1,624	438
Net cash used in investing activities	(33,723)	(3,029)
Financing Activities		
Proceeds from issuance of rights issue	-	150,000
Shares issue expenses	-	(968)
Proceeds from exercise of warrants	-	50
Net (increase)/decrease in fixed deposits pledged	(52,562)	1,412
Repayment of term loans	(8,308)	(24,130)
Repayment of bridging loan	-	(150,320)
Repayment of hire purchase and lease creditors	(136)	(336)
Net changes in short term borrowings	34,327	(1,027)
Net cash used in financing activities	(26,679)	(25,319)
Net changes in Cash and Cash Equivalent	(97,565)	(27,426)
Cash and Cash Equivalents at beginning of year	357,177	116,883
Effect of exchange rate translation	3	(46)
	259,615	89,411
Cash and Cash Equivalents of former associated companies	-	46,307
Cash and Cash Equivalents at end of period	259,615	135,718

Note 1:

Cash and cash equivalents comprise of the following balances:

	RM'000	RM'000
Cash and bank balances	338,328	146,157
Bank overdrafts	(3,789)	(3,212)
	<u>334,539</u>	<u>142,945</u>
Less : Fixed deposits pledged	(74,924)	(7,227)
	<u>259,615</u>	<u>135,718</u>

Note 2:

The fair value of the assets acquired and liabilities assumed from the acquisition of a subsidiary company were as follows:

	RM'000
Non - current assets	30,835
Current assets	6,223
Current liabilities	(8,556)
Non - current liabilities	(10,800)
	<u>17,702</u>
Minority Interest	(3,540)
Group's share of net assets	14,162
Goodwill on acquisition	14,903
Cost of acquisition	29,065
Cash and cash equivalents of a subsidiary company acquired	(1,761)
Net cash outflow of the Group	27,304

The condensed consolidated cash flow statement should be read in conjunction with the Annual Financial Statements for the year ended 31 January 2005.

SAPURACREST PETROLEUM BERHAD
(Company No : 45631-D)
Incorporated in Malaysia

IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Capital Reserves	Retained profit /(accumulated losses)	Total
	RM'000	RM'000	RM'000	RM'000
Three months to 30 April 2005 (unaudited)				
Balance at beginning of year	177,112	246,096	(13,385)	409,823
Movements during the period				
Profit for the period	-	-	20,160	20,160
Currency translation differences	-	(10)	-	(10)
Balance at end of period	<u>177,112</u>	<u>246,086</u>	<u>6,775</u>	<u>429,973</u>
Three months to 30 April 2004 (unaudited)				
Balance at beginning of year	77,079	217,452	(222,102)	72,429
Movements during the period				
Elimination of realised gain recognised in prior year **	-	-	(5,860)	(5,860)
Issuance of rights issue	100,000	50,000	-	150,000
Shares issue expenses	-	(968)	-	(968)
Exercise of warrants	14	36	-	50
Profit for the period	-	-	10,436	10,436
Currency translation differences	-	(2)	-	(2)
Balance at end of year	<u>177,093</u>	<u>266,518</u>	<u>(217,526)</u>	<u>226,085</u>

** The disposal of a drilling rig, Teknik Berkat, from a wholly owned subsidiary company to Varia Perdana Sdn Bhd, previously treated as an associated company, had given rise to gain on disposal in the prior year. The gain on disposal is eliminated in the current year and dealt with through reserve.

The condensed consolidated statement of changes in equity should be read in conjunction with the Annual Financial Statements for the year ended 31 January 2005.

SAPURACREST PETROLEUM BERHAD
(45631 - D)
Incorporated in Malaysia

V. NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies and methods of computation

The unaudited condensed consolidated financial statements have been prepared by applying accounting policies and methods of computation consistent with those used in the preparation of the most recent audited financial statements of the Group and in accordance with MASB 26, Interim Financial Reporting.

2. Audit report of preceding annual financial statements

The audit report of the Group on the preceding year financial statements was not qualified.

3. Seasonality and cyclicity of operations

The Group's operations are not materially subject to any seasonal or cyclical factors except for severe weather conditions.

4. Unusual items

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

5. Changes in estimates

There were no changes to the estimates of amounts reported in prior financial years.

6. Debts and equity securities

The Group and the Company did not undertake any issuances, cancellations, repurchases, resale and repayment of debt and equity securities during the current quarter and financial period ended 30 April 2005.

7. Segmental information

	<u>3 months to 30/4/05</u>	
	Revenue	Segment profit / (loss)
	RM'000	RM'000
Installation of Pipelines and Facilities	229,092	17,013
Drilling	80,767	17,474
Marine Services	47,309	2,099
Operations and Maintenance	7,771	602
Others		
- Unallocated corporate and investment holding expenses	-	(7,293)
Consolidated revenue / results	<u>364,939</u>	<u>29,895</u>

8. Carrying amount of property, plant and equipment

The valuations of property, plant and equipment have been brought forward without amendment from previous annual financial statements.

SAPURACREST PETROLEUM BERHAD
(45631 - D)
Incorporated in Malaysia

9. Subsequent events

On 8 June 2005, Sarku Resources Sdn Bhd, a wholly owned subsidiary had entered into a Memorandum of Agreement dated 7 June 2005 to acquire an offshore support vessel known as "Miss Clementine" from Mepis Clementine Limited for a total cash consideration of USD11,000,000.

There were no other material events subsequent to 30 April 2005 to the date of this announcement.

10. Changes in the composition of the Group

Except for the following, there were no changes in the composition of the Group for the current quarter and financial period ended 30 April 2005 including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinued operations.

- (i) On 30 March 2005, the Company had acquired the entire shares of a new company incorporated in Bermuda, known as SapuraCrest Deepwater Pte Ltd ("Newco") for a cash consideration of USD2.00. The authorized share capital of Newco is USD12,000 comprising 12,000 shares of USD1.00 each while its issued share capital consists of 12,000 shares of which USD2.00 has been paid up.
- (ii) On 14 April 2005, the Company had completed its acquisition of 80% equity interest in Total Marine Technology Pty Ltd.

11. Contingent liabilities

There were no contingent liabilities as at the date of this announcement.

12. Capital commitments

Capital commitment approved and contracted for is RM520.3 million.

13. Taxation

Taxation comprises the following:

	Current year quarter 30/4/05 RM'000	Corresponding quarter 30/4/04 RM'000	3 months to 30/4/05 RM'000	3 months to 30/4/04 RM'000
<u>Malaysian Taxation</u>				
- current taxation	1,162	5,027	1,162	5,027
- deferred taxation	-	(16,866)	-	(16,866)
- share of taxation of associated companies / jointly controlled entities	195	3	195	3
<u>Foreign Taxation</u>				
- current taxation	53	-	53	-
	<u>1,410</u>	<u>(11,836)</u>	<u>1,410</u>	<u>(11,836)</u>

The effective tax rate for the current quarter and current period to date varies from the statutory tax rate principally due to lower statutory tax rate of offshore subsidiary company and utilisation of unabsorbed tax losses and capital allowances.

SAPURACREST PETROLEUM BERHAD
(45631 - D)
Incorporated in Malaysia

14. Disposal of unquoted investments and/or properties

There was no disposal of unquoted investments and/or properties during the current quarter and financial period ended 30 April 2005.

15. Quoted securities

There were no acquisitions and disposals of quoted securities for the current quarter and financial period ended 30 April 2005 and there were no investments in quoted securities as at 30 April 2005.

16. (a) Status of corporate proposals announced but not completed

There were no corporate proposals announced but not completed as at date of this announcement.

(b) Status of utilisation of proceeds raised from issue of CB

As at the date of this announcement, the status of utilisation of the CB proceeds is as follows:

	RM'000
Gross proceeds (USD80 million)	304,000
CB issue expenses	(9,712)
Vessel construction	(91,779)
Acquisition of a subsidiary company	(32,849)
Repayment of borrowings	(19,000)
Working capital	(35,448)
	115,212

17. Borrowings

Details of Group borrowings as at 30 April 2005 are as follows:

	<u>Long term borrowings</u>			<u>Short term borrowings</u>		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
Domestic Banks						
- Debt securities	94,106	-	94,106	24,715	-	24,715
- Other borrowings	18,335	-	18,335	9,435	138,678	148,113
Foreign Bank	172,188	-	172,188	27,550	-	27,550
RCCPS	-	19,287	19,287	-	-	-
CB	-	298,460	298,460	-	-	-
	284,629	317,747	602,376	61,700	138,678	200,378

18. Off-balance sheet financial instruments

There were no financial instruments with off-balance sheet risks as at the date of this announcement.

19. Material litigation

There was no material litigation as at the date of this announcement.

SAPURACREST PETROLEUM BERHAD
(45631 - D)
Incorporated in Malaysia

20. Comparison between the current quarter and the immediate preceding quarter

Revenue increased by 45% to RM364.9 million while profit before taxation increased by more than 250% to RM29.9 million compared to the immediate preceding quarter primarily due to significant increases in activities in the Installation of Pipelines and Facilities and Drilling divisions.

21. Review of performance for the current quarter

In comparison with the first quarter of the previous financial year, revenue and profit before taxation for the current quarter were higher by 161% and 149% respectively primarily due to the significantly higher activities in the Installation of Pipelines and Facilities and Drilling divisions in the current quarter.

22. Prospects for Year 2005/2006

Barring any unforeseen circumstances, the Directors expect the Group to achieve favourable results for the financial year ending 31 January 2006.

23. Dividend

The Board has declared interim dividends in respect of the financial year ending 31 January 2006 as follows:

- a) a tax exempt dividend of 0.3 sen (1.5%) per share (2004: Nil)
- b) a dividend of 1.2 sen (6.0%) per share less 28% tax (2004: Nil)

The total dividends declared for the current financial year to date amounted to 1.5 sen (7.5%) per share.

The dividends will be paid on 15 August 2005 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 1 August 2005.

A Depositor shall qualify for entitlement to the dividends only in respect of:

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 1 August 2005 in respect of transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

SAPURACREST PETROLEUM BERHAD
(45631 - D)
Incorporated in Malaysia

24. Earnings Per Share

(a) Basic

	3 months to 30/4/05	3 months to 30/4/04
Net profit for the period (RM'000)	20,160	10,436
Weighted average number of ordinary shares in issue ('000)	879,055	712,248
Basic earnings per share (sen)	<u>2.29</u>	<u>1.47</u>

(b) Diluted

	3 months to 30/4/05	3 months to 30/4/04
Net profit for the period (RM'000)	20,160	10,436
Adjusted net profit	24,306	-
Weighted average number of ordinary shares in issue ('000)	879,055	712,248
Effect of dilution:		
Conversion of RCCPS	28,229	28,229
Conversion of warrants	249,943	249,943
Number of shares for warrants that would have been issued at fair value	(164,317)	(135,465)
Conversion of CB	<u>209,453</u>	<u>-</u>
Adjusted weighted average number of ordinary shares in issue and issuable:	1,202,363	854,955
Diluted earnings per share (sen)	<u>2.02</u>	<u>1.22</u>

By Order of the Board

Selangor
23 June 2005

Poh Phei Ling
Company Secretary