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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 OCTOBER 2005

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED INCOME STATEMENT

			Individual Quarter		Cumulative	Cumulative Quarter		
			Current year quarter	Preceding year corresponding	Nine months	Nine months		
				quarter	to	to		
			31/10/2005	31/10/2004	31/10/2005	31/10/2004		
			RM'000	RM'000	RM'000	RM'000		
1.	(a)	Revenue	544,149	367,994	1,399,417	783,193		
	(b)	Operating expenses	(508,004)	(344,834)	(1,278,781)	(708,373)		
	(c)	Other operating income	547	203	853	2,655		
	(d)	Profit from operations	36,692	23,363	121,489	77,475		
	(e)	Finance cost	(13,863)	(3,371)	(34,610)	(15,417)		
	(f)	Profit before share of associated companies and jointly controlled entities' results	22,829	19,992	86,879	62,058		
	(g)	Share of profit of associated companies and jointly controlled entities	846	1,211	1,876	2,039		
	(h)	Profit before taxation and minority interests	23,675	21,203	88,755	64,097		
	(i)	Taxation	(1,509)	(2,513)	(7,913)	5,117		
	(j)	Profit after taxation and before minority						
	0)	interests	22,166	18,690	80,842	69,214		
	(k)	Minority interests	(6,885)	(3,820)	(24,294)	(23,751)		
	(I)	Net profit attributable to members of the						
		company	15,281	14,870	56,548	45,463		
2.		Earnings per share (sen)						
		Basic	1.74	1.74	6.43	5.31		
		Diluted	1.37	1.51	5.22	4.62		

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

1. Property, pain and equipment 30,301 307,313 2. Investment in associated companies 22,890 21,057 3. Jointly controlled entities 1,299 1,343 4. Patent costs 42 - 5. Deferred tax assets 2,023 1,734 6. Goodwill on consolidation 115,297 1,061,916 736,749 7. CURRENT ASSETS 998,432 518,411 Amount due from itimate holding company 884 1,074 Amount due from litimate holding company 884 2,280 2,280 Amount due from leited companies 33,871 34,523 94,583 6. CURRENT LABILITIES 34,624 1,074 1,246 7. Trade & other payables 1,426,321 945,834 34,513 8. CURRENT LABILITIES 34,624 1,416,138 36,613 37,73 9. Net current assets 415,621 428,658 1,2402 1,010,700 517,176 9. Net current	1.	Property plant and equipment	UNAUDITED As at end of current quarter 31/10/2005 RM'000	AUDITED As at preceding financial year end 31/1/2005 RM'000
3. Jointly controlled entities 1,299 1,343 4. Patent costs 42 - 5. Deferred tax assets 2,023 1,734 6. Goodwill on consolidation 130,201 115,227 7. CURRENT ASSETS 34,523 34,420 Trade & other receivables 34,822 34,421 Amount due from sociated company 884 1,074 Amount due from sascolated company 884 1,074 Amount due from related companies 5,893 5,824 Cash and bank balances 36,824 3,613 8. CURRENT LIABILITIES 1,426,321 945,834 Trade & other payables 618,279 335,900 Amount due to utimate holding company 3,624 3,613 Amount due to utimate holding company 3,624 3,613 Amount due to utimate holding company 1,010,700 517,176 9. Net current assets 415,621 428,658 1,1477,537 1,165,407 1,301 10. Shareholders' funds 175,811 175,811 175,811 Share regerive 2,300 1,3090 1,3090 1,3090 </th <td></td> <td>Property, plant and equipment</td> <td>905,461 22,890</td> <td>597,318 21.057</td>		Property, plant and equipment	905,461 22,890	597,318 21.057
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13. Deferred taxation 7,789 1,903 1,477,537 1,165,407		-		
1,477,537 1,165,407		-		
	13.			
14. Net tangible assets per share (RM) * 0.37 0.33			.,411,001	.,100,407
	14.	Net tangible assets per share (RM) *	0.37	0.33

* After deducting intangible assets of RM134,884,000 (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 Nine months to 31/10/2005	Unaudited Nine months to 31/10/2004
Profit before taxation	RM'000 88,755	RM'000 64,097
Adjustments: Depreciation and amortisation	55,408	50,633
Interest expenses	34,610	15,447
Interest income	(4,901)	(1,150)
Share of profit of associated companies and jointly controlled entities	(1,876)	(2,039)
Other operating items	1,807	(392)
Operating profit before working capital changes	173,803	126,596
Changes in working capital		
Net change in current assets	(457,718)	(549,118)
Net change in current liabilities	254,958	428,415
Cash (used in) / generated from operations	(28,957)	5,893
Interest paid	(23,780)	(15,447)
Taxation paid	(6,276)	(8,061)
Net cash used in operating activities	(59,013)	(17,615)
Investing Activities		
Net cash used in acquisition of a subsidiary company (Note 2)	(27,304)	-
Purchase of property, plant and equipment	(337,535)	(51,452)
Additional shares subscribed in an associated company	-	(760)
Advance to an associated company	(400)	(2,280)
Dividend from an associated company Distribution proceeds from jointly controlled entities under liquidation	324 1,200	-
Proceeds from disposal of property, plant and equipment	560	7,558
Interest income	4,485	1,150
Net cash used in investing activities	(358,670)	(45,784)
Financing Activities		
Proceeds from issuance of rights issue		150,000
Proceeds from issuance of bonds	245,084	-
Bond issue expenses	(3,971)	-
Shares issue expenses	-	(1,283)
Proceeds from exercise of warrants	-	50
Dividend paid	(10,233)	-
Net (increase)/decrease in fixed deposits pledged Repayment of term loans	(58,892) (25,832)	1,014 (34,278)
Repayment of bridging loan	(20,002)	(131,320)
Net changes in hire purchase and lease financing	3,941	(1,938)
Net changes in short term borrowings	209,485	46,982
Net cash generated from financing activities	359,582	29,227
Net changes in Cash and Cash Equivalent	(58,101)	(34,172)
Cash and Cash Equivalents at beginning of year	357,177	116,883
Effect of exchange rate translation	(475)	117
	298,601	82,828
Cash and Cash Equivalents of former associated companies Cash and Cash Equivalents at end of period	298,601	46,307 129,135
		125,155
Note 1: Cash and cash equivalents comprise of the following balances:		
· · · · · · · · · · · · · · · · · · ·	RM'000	RM'000
Cash and bank balances	383,871	142,521
Bank overdrafts	(4,017)	(5,761)
Less : Fixed deposits pledged	379,854 (81,253)	136,760
Loss . I incu depusito piedyeu	298,601	<u>(7,625)</u> 129,135
	200,001	120,100

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)
	17,702
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. Page 3

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
Nine months to 31 October 2005 (unaudited)				
Balance at beginning of year	177,112	246,096	(13,385)	409,823
Movements during the period			50 540	50 540
Profit for the period Currency translation differences	-	- 470	56,548	56,548 470
Interim dividend	-	-	(10,233)	(10,233)
Balance at end of period	177,112	246,566	32,930	456,608
Nine months to 31 October 2004 (unaudited)				
Balance at beginning of year	77,079	197,699	(82,411)	192,367
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	-	(1,283)	-	(1,283)
Exercise of warrants	14	36	-	50
Profit for the period Currency translation differences	-	(338)	45,463	45,463 (338)
Balance at end of period	177,093	246,114	(42,808)	380,399
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** 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 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.

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 FRS134, 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 cyclicality 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

On 26 August 2005, Bayu Padu Sdn Bhd ("Bayu Padu"), a wholly owned subsidiary of SapuraCrest, issued RM250 million nominal value of Istisna' Bonds to fund the construction of a heavy lift derrick pipelay combination vessel and acquisition costs of certain oil and gas related business.

Save as disclosed above, there were no other issuances, cancellations, repurchases, resale and repayment of debt and equity securities during the current quarter and financial period ended 31 October 2005.

7. Dividend paid

An interim dividend of 0.3 sen per ordinary share, tax exempt, and 1.2 sen per ordinary share less 28% tax, totalling RM10.23 million in respect of the financial year ending 31 January 2006 was declared on 23 June 2005 and paid on 15 August 2005.

8. Segmental information

	<u>9 months to 31/10/05</u>		
	Segment	Segment	
	Revenue	Result	
	RM'000	RM'000	
Installation of Pipelines and Facilities	934,337	37,976	
Drilling	227,267	50,964	
Marine Services	195,136	6,518	
Operations and Maintenance	42,677	4,516	
		99,974	
Investment holding and corporate operations*	-	(11,219)	
	1,399,417	88,755	

* Including net result of the Teknik Hidayat project post cessation of activities

9. 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.

10. Subsequent events

Islamic PDS

On 7 July 2005, the Company had announced the proposed issuance of up to RM600 million nominal value of Islamic Private Debt Securities ("Islamic PDS") via Bayu Padu.

The Islamic PDS comprises:

- (i) RM500 million nominal value Istisna' Bonds, of which RM250 million nominal value has been issued (Note 6); and
- (ii) RM100 million nominal value Murabahah Commercial Papers and/or Medium Term Notes Programme ("MCPs / MMTNs Programme")

On 28 November 2005, Bayu Padu has issued the RM100 million nominal value MMTNs referred to in (ii) above.

Save as disclosed above, there were no other material events subsequent to 31 October 2005 to the date of this announcement.

11. Changes in the composition of the Group

- (a) On 30 March 2005, the Company acquired the entire issued share capital of a new company incorporated in Bermuda, known as SapuraCrest Deepwater Pte Ltd for a cash consideration of USD2.00. The authorized share capital of SapuraCrest Deepwater Pte Ltd is USD12,000 comprising 12,000 shares of USD1.00 each while its issued share capital comprises 12,000 shares of which two shares of USD2.00 each have been paid up.
- (b) On 14 April 2005, the Company completed its acquisition of 80% equity interest in Total Marine Technology Pty Ltd, a company based in Australia, whose principal activities are the design, manufacture and operation of underwater remote operated vehicles (ROVs).
- (c) On 7 July 2005, Sarku Resources Sdn Bhd, a wholly owned subsidiary of the Group, acquired the entire issued share capital of Prominent Energy Sdn Bhd, for a cash consideration of RM2.00. The authorized share capital of Prominent Energy Sdn Bhd is RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which two ordinary shares of RM1.00 each have been issued and fully paid up.
- (d) On 8 July 2005, the Company acquired the entire issued share capital of Bayu Padu Sdn Bhd for a cash consideration of RM2.00. The authorized share capital of Bayu Padu is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid up.
- (e) On 29 August 2005, the Company acquired the entire issued share capital of Nautical Essence Sdn Bhd for a cash consideration of RM2.00. The authorized share capital of Nautical Essence is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which two ordinary shares of RM1.00 each have been issued and fully paid up.
- (f) On 16 September 2005, the Company acquired the entire issued share capital of Varia Karisma Sdn Bhd for a cash consideration of RM2.00. The authorized share capital of Varia Karisma is RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which two ordinary shares of RM1.00 each have been issued and fully paid up.

There were no other changes in the composition of the Group for the current quarter and financial period ended 31 October 2005 including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinued operations.

12. Contingent liabilities

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

13. Capital commitments

Capital commitment approved and contracted for is RM481million.

14. Taxation

Taxation comprises the following:

	Current	Corresponding	Current	Corresponding
	quarter ended	quarter ended	9 months to	9 months to
	31/10/05	31/10/04	31/10/05	31/10/04
	RM'000	RM'000	RM'000	RM'000
Malaysian Taxation				
- current taxation	1,623	2,024	8,085	11,332
- deferred taxation	-	-	-	(16,969)
 share of taxation of associated 				
companies / jointly controlled entities	33	430	126	437
Foreign Taxation				
- current taxation	(147)	59	(298)	83
	1,509	2,513	7,913	(5,117)

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 companies and utilisation of unabsorbed tax losses and capital allowances.

15. 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 31 October 2005.

16. Quoted securities

There were no acquisitions and disposals of quoted securities for the current quarter and financial period ended 31 October 2005 and there were no investments in quoted securities as at 31 October 2005.

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

(i) Proposed joint venture with Stolt Offshore

On 30 August 2005, the Company had announced that it had, via Nautical Essence Sdn Bhd ("NESB"), a wholly owned subsidiary, entered into a Cooperation Agreement with Stolt Offshore MS Ltd ("Stolt Offshore") to participate in the construction, management and operation of a self-propelled, dynamic positioning heavy lift derrick and pipelay combination vessel ("HLV") for offshore oil and gas construction activities ("Proposed JV").

The necessary applications have been submitted to the Securities Commission, the Foreign Investment Committee and Bank Negara Malaysia and are pending approval.

(ii) Proposed transfer of listing to the Main Board of Bursa Malaysia

On 2 September 2005, the Company had announced on the proposed transfer of the listing of and quotation for the entire issued and paid-up ordinary share capital and outstanding five (5)-year warrants 2004/2009 of SapuraCrest from the Second Board to the Main Board of Bursa Malaysia Securities Berhad ("Proposed Transfer Listing")

The application for the Proposed Transfer Listing has been approved by the Securities Commission, on 5 December 2005, and this exercise is expected to be completed by the end of the financial year ending 31 January 2006.

(b) Status of utilisation of proceeds raised from issue of Convertible Bonds ("CB")

The CB proceeds were utilised for the following:

	RM'000
	(0.710)
CB issue expenses Vessel construction	(9,712) (180,522)
Investment in a subsidiary company	(180,522) (32,849)
Repayment of borrowings	(19,000)
Working capital	(61,917)
Gross proceeds (USD80 million)	304,000

18. Borrowings

The Group's borrowings as at 31 October 2005 are as follows:

	Lon	Long term borrowings			Short term borrowings		
	Secured	Unsecured	Total	Secured	Unsecured	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Domestic Banks							
- Debt securities	94,269	-	94,269	24,715	-	24,715	
- Other borrowings	13,247	-	13,247	9,145	313,215	322,360	
Foreign Bank	161,053	-	161,053	29,166	-	29,166	
RCCPS	-	19,590	19,590	-	-	-	
СВ	-	302,732	302,732	-	-	-	
Istisna Bonds (Note 6)	241,416	-	241,416				
	509,985	322,322	832,307	63,026	313,215	376,241	

19. Off-balance sheet financial instruments

Cross Currency Interest Rate Swap ("CCIRS")

SapuraCrest, via its wholly owned subsidiary, Bayu Padu Sdn Bhd issued RM500 million of Istisna' Bonds as disclosed in Note 10(i). RM250 million was issued on 26 August 2005, with staggered maturities up to 26 August 2011. Additional RM250 million of debt is scheduled to be issued in August 2006, with staggered maturities up to August 2015.

The proceeds of the issuance is expected to be utilized to fund the expansion of the group's business in the oil and gas sector, and also for the ongoing construction of the heavy lift vessel (HLV), denominated in USD.

Hedging Instrument

In September 2005, the Company had entered into a RM500 million CCIRS of staggered maturities to hedge both the foreign exchange and interest rate risks. This has effectively transformed the RM liabilities into equivalent liabilities in USD. By doing so, the Company will be able to hedge the repayment of the liabilities, which is expected to be generated in USD. The final maturity of the swap is on 26 July 2015.

Hedging Instrument Accounting Policy

The hedging instruments are not recognized in the financial statements on inception. The underlying foreign currency liabilities or assets are translated at their respective hedged exchange rate and all exchange gains and losses are recognized as income or expense in the income statement in the same period as the exchange differences on the underlying hedged items. Exchange gain or losses arising on contracts entered into hedges of anticipated future transactions are deferred until the date of such transactions, at which time they are included in the measurement of such transactions.

Net differentials in interest receipts and payments arising from interest rate hedging instrument are recognized as interest or expense over the period of the contract.

Credit and Market Risk

The hedging instruments were entered into with a reputable financial institution to limit the credit risk exposure of the Group.

20. Material litigation

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

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

Revenue increased by 10.9% from RM490.3 million to RM544.1 million principally due to an increase in the activities of the installation of pipelines and facilities ("IPF") and marine services division. The drilling division, however, registered lower revenue due to the drydocking of two drilling rigs for a part of the third quarter.

Despite the overall increase in revenue, profit before taxation decreased by 32.7% from RM35.2million to RM23.7 million compared to the second quarter mainly due to lower profit margin posted by the IPF and marine services divisions. Additionally, lower profit was also contributed by the drilling division as a result of the drydocking activities

22. Review of performance for the current quarter and current year to date

The Group's revenue for the three months ended 31 October 2005, totalling RM544.1 million, was higher by 47.9% compared to RM368.0 million in the third quarter of the preceding year, principally due to higher activities in the IPF and offshore drilling divisions. The marine services and operation & maintenance division, however, registered lower revenue due to less contract work in the current quarter. Profit before taxation was RM23.7 million, an increase of 11.7%, contributed mainly by the IPF and offshore drilling divisions.

For the nine months ended 31 October 2005, the Group registered revenue of approximately RM1.4 billion, an increase of 78.7% compared to RM783.2 million in the corresponding period of the preceding year. The significantly higher revenue was attributable to the higher activities of the IPF and offshore drilling divisions although there was a decline in contract work for the marine services division, particularly in respect of marine engineering activities. The Group's profit before taxation of RM88.8 million in the nine months was 38.5% higher compared to RM64.1 million in the corresponding period of the preceding year. In this respect, each business segment except for marine services (which contributed lower profit due to the abovementioned reasons) recorded higher profit compared to the corresponding period of the preceding year.

Finance costs have increased significantly compared to the preceding financial year due to higher borrowings utilised for the group's business operations and expansion, including the acquisition of oil and gas related assets.

23. Prospects for Year 2005/2006

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

24. Dividend

The Board of Directors does not recommend any dividend for the current quarter under review.

25. Earnings Per Share

(i) Basic

	3 months to 31/10/05	3 months to 31/10/04	9 months to 31/10/05	9 months to 31/10/04
Net profit for the period (RM'000) Weighted average number of	15,281	14,870	56,548	45,463
ordinary shares in issue ('000)	879,055	855,386	879,055	855,386
Basic earnings per share (sen)	1.74	1.74	6.43	5.31

(ii) Diluted

	3 months to 31/10/05	3 months to 31/10/04	9 months to 31/10/05	9 months to 31/10/04
Net profit for the period (RM'000) Adjusted net profit	15,281 16,311	14,870 -	56,548 62,200	45,463 -
Weighted average number of ordinary shares in issue ('000) Effect of dilution:	879,055	855,386	879,055	855,386
Conversion of RCCPS Conversion of warrants	28,229 249,943	28,229 249,943	28,229 249,943	28,229 249,943
Number of shares for warrants that would have been issued at fair value Conversion of CB	(173,980) 209,453	(150,390) -	(173,980) 209,453	(150,390) -
Adjusted weighted average number of ordinary shares in issue and issuable:	1,192,700	983,168	1,192,700	983,168
Diluted earnings per share (sen)	1.37	1.51	5.22	4.62

By Order of the Board

Poh Phei Ling Company Secretary

Selangor 13 December 2005