

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 APRIL 2007**

**THE FIGURES HAVE NOT BEEN AUDITED**

**I. CONDENSED CONSOLIDATED INCOME STATEMENT**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	<b>30/04/2007</b> RM'000	<b>30/04/2006</b> RM'000	<b>30/04/2007</b> RM'000	<b>30/04/2006</b> RM'000
<b>1. Revenue</b>	<b>473,719</b>	<b>380,163</b>	<b>473,719</b>	<b>380,163</b>
Operating expenses	(427,329)	(354,103)	(427,329)	(354,103)
Other income	1,610	2,671	1,610	2,671
Profit from operations	48,000	28,731	48,000	28,731
Finance cost	(18,690)	(12,578)	(18,690)	(12,578)
	29,310	16,153	29,310	16,153
Share of (loss)/profit of associated companies and jointly controlled entities	(5,788)	165	(5,788)	165
<b>Profit before taxation</b>	<b>23,522</b>	<b>16,318</b>	<b>23,522</b>	<b>16,318</b>
Taxation	(1,922)	(1,921)	(1,922)	(1,921)
<b>Profit for the period</b>	<b>21,600</b>	<b>14,397</b>	<b>21,600</b>	<b>14,397</b>
Attributable to :				
Equity holders of the parent	10,447	5,758	10,447	5,758
Minority interests	11,153	8,639	11,153	8,639
	<b>21,600</b>	<b>14,397</b>	<b>21,600</b>	<b>14,397</b>
<b>2. Earnings per share (sen)</b>				
Basic	<b>1.13</b>	<b>0.65</b>	<b>1.13</b>	<b>0.65</b>
Diluted	<b>1.12</b>	<b>0.62</b>	<b>1.12</b>	<b>0.62</b>

The condensed consolidated income statement should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2007.

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**II. CONDENSED CONSOLIDATED BALANCE SHEET**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	As at end of current quarter	As at preceding financial year end
	<b>30/04/2007</b>	<b>31/01/2007</b>
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	843,165	784,645
Investment in associated companies	9,376	9,140
Investment in jointly controlled entities	34,197	41,582
Intangible assets	146,154	146,202
Deferred tax assets	1,806	1,287
Other receivables	64,241	56,584
	<u>1,098,939</u>	<u>1,039,440</u>
<b>Current assets</b>		
Inventories & WIP	38,749	43,173
Amount due from related companies	7,005	6,059
Trade & other receivables	1,317,786	1,171,395
Cash and bank balances	227,568	291,794
	<u>1,591,108</u>	<u>1,512,421</u>
Non-current assets classified as held for sale	2,054	2,101
<b>TOTAL ASSETS</b>	<b><u>2,692,101</u></b>	<b><u>2,553,962</u></b>
 <b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	186,383	177,427
Share premium	226,871	185,867
Other reserves	58,146	48,966
Retained profit	35,374	24,927
	<u>506,774</u>	<u>437,187</u>
<b>Minority interests</b>	<u>236,798</u>	<u>216,806</u>
<b>Total equity</b>	<b><u>743,572</u></b>	<b><u>653,993</u></b>
 <b>Non-current liabilities</b>		
Borrowings	840,607	894,050
Deferred taxation	8,493	8,153
	<u>849,100</u>	<u>902,203</u>
 <b>Current liabilities</b>		
Amount due to related companies	8,311	4,702
Trade & other payables	806,654	713,954
Borrowings	275,517	268,803
Taxation	8,947	10,307
	<u>1,099,429</u>	<u>997,766</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,948,529</u></b>	<b><u>1,899,969</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>2,692,101</u></b>	<b><u>2,553,962</u></b>
 <b>Net assets per share (RM)</b>	 <b><u>0.54</u></b>	 <b><u>0.49</u></b>

The condensed consolidated balance sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2007.

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**III. CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>Unaudited Three months to 30/04/2007 RM'000</b>	<b>Unaudited Three months to 30/04/2006 RM'000</b>
Profit before taxation	23,522	16,318
Adjustment for non-cash items	34,754	11,231
Operating profit before working capital changes	<u>58,276</u>	<u>27,549</u>
Net change in current assets	(169,238)	(8,295)
Net change in current liabilities	<u>139,783</u>	<u>56,846</u>
	28,821	76,100
Non-operating items	<u>(22,280)</u>	<u>(17,568)</u>
Net cash generated from operating activities	6,541	58,532
Net cash used in investing activities	(79,142)	(46,922)
Net cash generated from financing activities	<u>6,845</u>	<u>6,272</u>
Net changes in Cash and Cash Equivalent	(65,756)	17,882
Effect of exchange rate translation	386	(1,383)
Cash and Cash Equivalents at 1 February 2007	<u>291,794</u>	<u>367,203</u>
Cash and Cash Equivalents at 30 April 2007	<u>226,424</u>	<u>383,702</u>

Cash and cash equivalents comprise of the following:

	RM'000	RM'000
Cash and bank balances	227,568	383,759
Bank overdrafts	<u>(1,144)</u>	<u>(57)</u>
	<u>226,424</u>	<u>383,702</u>

The condensed consolidated cash flow statement should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2007.

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**IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to Equity Holders of the Parent					Minority interest	Total Equity
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained profit RM'000	Total RM'000	RM'000	RM'000
<b>Three months to 30 April 2007 (unaudited)</b>							
At 1 February 2007	177,427	185,867	48,966	24,927	437,187	216,806	653,993
Net profit for the period	-	-	-	10,447	10,447	11,153	21,600
Issue of ordinary share pursuant of ESOS	1,069	3,132	-	-	4,201	-	4,201
Share options granted under ESOS	-	491	1,189	-	1,680	-	1,680
Issue of ordinary share pursuant of CB conversion	7,887	37,381	-	-	45,268	-	45,268
Foreign currency translation	-	-	7,991	-	7,991	8,839	16,830
At 30 April 2007	186,383	226,871	58,146	35,374	506,774	236,798	743,572
<b>Three months to 30 April 2006 (unaudited)</b>							
At 1 February 2006	177,333	183,465	64,294	50,378	475,470	179,760	655,230
Net profit for the period	-	-	-	5,758	5,758	8,639	14,397
Issue of ordinary share pursuant of ESOS	811	1,378	-	-	2,189	-	2,189
Share options granted under ESOS	-	24	228	-	252	-	252
Foreign currency translation	-	-	3,639	-	3,639	2	3,641
At 30 April 2006	178,144	184,867	68,161	56,136	487,308	188,401	675,709

The condensed consolidated statement of changes in equity should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2007.

## **NOTES TO THE FINANCIAL STATEMENTS**

The notes to the condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2007.

### **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 are in accordance with FRS134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

### **2. Audit report of preceding annual financial statements**

The audit report of the Group's financial statements for the financial year ended 31 January 2007 was not qualified.

### **3. Seasonality and cyclical 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 for the current quarter under review.

### **5. Changes in estimates**

There were no changes in estimates of amount reported in prior financial year that have material effect in the current quarter under review.

### **6. Debt and equity securities**

During the quarter under review, the issued and paid up capital of the Company increased from 887,136,675 ordinary shares of RM0.20 each to 931,916,625 ordinary shares of RM0.20 each by the following:

- i) Issuance of 5,343,215 new ordinary shares of RM0.20 each, pursuant to the exercise of share options under the Company ESOS.
- ii) Issuance of 39,436,735 new ordinary shares of RM0.20 each, pursuant to the conversion of USD12.05 million out of USD80 million Convertible Bonds.

Save as disclosed above, there were no other issuances, cancellations, repurchases, resale and repayment of debt and equity securities during the current quarter ended 30 April 2007.

## 7. Segmental information

	<b>Segment Revenue</b>	<b>Segment Result</b>
	RM'000	RM'000
Installation of Pipelines and Facilities	192,999	7,775
Drilling	153,911	23,040
Marine Services	118,073	6,330
Operations and Maintenance	8,736	<u>1,924</u>
		39,069
Others (including investment holding and corporate operations)		
Finance costs of debt securities		(10,490)
Pre-operating expenses in relation to Sapura 3000		(6,024)
Other investment holding and corporate operations		(5,418)
Unrealised foreign exchange differences relating to USD convertible bonds		<u>6,385</u>
<b>Consolidated revenue / profit before tax</b>	<b><u>473,719</u></b>	<b><u>23,522</u></b>

## 8. Carrying amount of revalued assets

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

## 9. Subsequent event

Subsequent to 30 April 2007, the Company has issued 88,200,837 new ordinary shares of RM0.20 each pursuant to the conversion of additional USD26.95 million of the Convertible Bonds.

Save as disclosed above, there were no other material events subsequent to 30 April 2007 to the date of this announcement.

## 10. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter ended 30 April 2007 including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinued operations.

## 11. Contingent liabilities

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

**12. Capital commitments**

	RM'000
Approved and contracted for	135,987
Share of capital commitment in jointly controlled entities - approved and contracted for	<u>120,274</u>
Total	<u>256,261</u>

**13. Taxation**

Taxation comprises the following:

	Current quarter ended <b>30/04/07</b> RM'000	Preceding year Corresponding quarter ended <b>30/04/06</b> RM'000
Malaysian Taxation		
- current taxation	1,580	739
- deferred taxation	43	1,175
Foreign Taxation		
- current taxation	<u>299</u>	<u>7</u>
	<u>1,922</u>	<u>1,921</u>

The effective tax rate for the current quarter is lower than the statutory tax rate principally due to lower statutory tax rates for offshore subsidiary companies and utilisation of unabsorbed tax losses and capital allowances.

**14. Disposal of unquoted investments and/or properties**

There were no disposal of unquoted investments and/or properties during the current quarter ended 30 April 2007.

**15. Quoted securities**

There were no acquisitions and disposals of quoted securities for the current quarter ended 30 April 2007 and there were no investments in quoted securities as at 30 April 2007.

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

***Proposed joint venture with Larsen & Toubro Limited ("L&T")***

On 8 June 2006, the Company announced that it had entered into an indicative term sheet with L&T to participate in the engineering, construction, management and operation of a new build derrick lay barge for the provision of offshore installation services.

On 3 April 2007, the Company has subsequently entered into a Joint Venture Agreement with L&T, whereby the Company would hold 40% of the equity in the joint venture company while the remaining 60% would be held by L&T.

The above joint venture is subject to approval by the Shareholders of the Company and relevant authorities.

(b) **Status of utilisation of proceeds**

***(i) Istisna' Bonds Proceeds – (RM490 million)***

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation
i) To finance and/or refinance the cost of acquiring certain oil and gas related businesses	90,000	27,084	By Dec 2007
ii) For group working capital and/or capital expenditure purposes, which will be Syariah Compliant	30,000	30,000	-
iii) To reimburse the SapuraCrest group for the acquisition of Sarku Clementine	45,000	45,000	-
iv) To buy back Istisna' bonds and MMTNs (Islamic PDS)	325,000	325,000	-
<b>Total</b>	<b>490,000</b>	<b>427,084</b>	

## 17. Borrowings

The Group's borrowings as at 30 April 2007 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	127,857	-	127,857	131,113	88,551	219,664
Foreign Bank	174,920	-	174,920	31,139	-	31,139
Debt securities						
- BaIDs	44,756	-	44,756	24,714	-	24,714
- CB	-	249,402	249,402	-	-	-
- Istisna' Bonds	243,672	-	243,672	-	-	-
	591,205	249,402	840,607	186,966	88,551	275,517

## 18. Off-balance sheet financial instruments

### ***Cross Currency Interest Rate Swap ("CCIRS")***

As at the date of this announcement, the Company has an outstanding CCIRS on a notional amount of RM250 million with staggered maturities (at varying semi-annual amounts) up to the year 2015.

### ***Credit and Market Risk***

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

### ***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 rates 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 gains or losses arising on contracts entered into as 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 income or expense over the period of the contract.

## 19. Material litigation

There were no material litigations as at the date of this announcement.

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

Revenue for the current quarter increased by 6.9% to RM473.7 million as compared to RM443.3 million in the immediate preceding quarter mainly due to increased activities in the installation of pipelines and facilities ("IPF") and drilling divisions.

The Group has also registered an increased in profit before taxation by 18.6% to RM23.5 million in the current quarter as compared to RM19.8 million in the immediate preceding quarter. The higher profit was mainly attributable to the better performance registered by IPF and lower finance costs.

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

*Current quarter compared to the corresponding quarter of the preceding year (3 months)*

Revenue for the current quarter of RM473.7 million showed an increase of RM93.5 million (24.6%) compared to RM380.2 million in the corresponding quarter of the preceding year, mainly due to increased activities in the drilling and marine services divisions.

Correspondingly, the Group's profit before taxation increased by 44.1% to RM23.5 million as compared to RM16.3 million in the corresponding quarter of the preceding year. This was mainly due to the better performance registered by the IPF and drilling divisions.

**22. (a) Prospects for the financial year ending 31 January 2008**

Barring any unforeseen circumstances, the Directors expect the Group to achieve satisfactory results for the financial year ending 31 January 2008.

**(b) Revenue or profit estimate, forecast, projection or internal targets**

The Company has not provided any revenue or profit estimate, forecast, projection or internal targets in any previous announcement or public document.

**23. Dividend**

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

## 24. Earnings per share

	<u>Individual Quarter</u>	
	<u>3 months to</u>	
<b>i) Basic</b>	<b>30/04/07</b>	<b>30/04/06</b>
Profit attributable to equity holders of the parents (RM'000)	10,447	5,758
Weighted average number of ordinary shares in issue ('000)	920,766	884,213
Basic earnings per share (sen)	1.13	0.65
	<u>Individual Quarter</u>	
	<u>3 months to</u>	
<b>ii) Diluted</b>	<b>30/04/07</b>	<b>30/04/06</b>
Profit attributable to equity holders of the parents (RM'000)	10,447	5,758
Adjusted profit/(loss) (RM'000)	13,598	5,782
Weighted average number of ordinary shares in issue ('000)	920,766	884,213
Effect of dilution:		
Conversion of CB	222,384	-
Exercise of ESOS	3,499	2,023
Exercise of warrants	68,858	22,430
Conversion of RCCPS	-	28,229
Adjusted weighted average number of ordinary shares in issue and issuable:	1,215,507	936,895
Diluted earnings per share (sen)	1.12	0.62

Selangor  
21 June 2007

### By Order of the Board

Finton Tuan Kit Ming  
Poh Phei Ling  
Company Secretaries