

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 JULY 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	Six months to	Six months to
	<b>31/07/2007</b> RM'000	<b>31/07/2006</b> RM'000	<b>31/07/2007</b> RM'000	<b>31/07/2006</b> RM'000
<b>1. Revenue</b>	<b>570,486</b>	<b>369,172</b>	<b>1,044,205</b>	<b>749,335</b>
Operating expenses	(522,025)	(326,098)	(949,354)	(680,201)
Other income	2,302	4,367	3,912	7,038
Profit from operations	50,763	47,441	98,763	76,172
Finance cost	(15,527)	(21,734)	(34,217)	(34,312)
	35,236	25,707	64,546	41,860
Share of (loss)/profit of associated companies and jointly controlled entities	(2,031)	(1,092)	(7,819)	(927)
<b>Profit before taxation</b>	<b>33,205</b>	<b>24,615</b>	<b>56,727</b>	<b>40,933</b>
Taxation	(5,517)	(3,521)	(7,439)	(5,442)
<b>Profit for the period</b>	<b>27,688</b>	<b>21,094</b>	<b>49,288</b>	<b>35,491</b>
Attributable to :				
Equity holders of the parent	11,211	7,905	21,658	13,663
Minority interests	16,477	13,189	27,630	21,828
	<b>27,688</b>	<b>21,094</b>	<b>49,288</b>	<b>35,491</b>
<b>2. Earnings per share (sen)</b>				
Basic	<b>1.08</b>	<b>0.89</b>	<b>2.08</b>	<b>1.54</b>
Diluted	<b>0.96</b>	<b>0.86</b>	<b>1.85</b>	<b>1.47</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>31/07/2007</b>	<b>31/01/2007</b>
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	891,278	784,645
Investment in associated companies	10,141	9,140
Investment in jointly controlled entities	31,645	41,582
Intangible assets	146,105	146,202
Deferred tax assets	1,764	1,287
Amount due from jointly controlled entities	70,877	56,584
	<u>1,151,810</u>	<u>1,039,440</u>
<b>Current assets</b>		
Inventories	45,669	43,173
Amount due from related companies	8,740	6,059
Trade & other receivables	1,378,900	1,171,395
Cash and bank balances	308,024	291,794
	<u>1,741,333</u>	<u>1,512,421</u>
Non-current assets classified as held for sale	-	2,101
<b>TOTAL ASSETS</b>	<b><u>2,893,143</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	227,562	177,427
Share premium	421,814	185,867
Other reserves	57,756	48,966
Retained profit	46,585	24,927
	<u>753,717</u>	<u>437,187</u>
<b>Minority interests</b>	<u>252,526</u>	<u>216,806</u>
<b>Total equity</b>	<b><u>1,006,243</u></b>	<b><u>653,993</u></b>
<b>Non-current liabilities</b>		
Borrowings	637,768	894,050
Deferred taxation	8,796	8,153
	<u>646,564</u>	<u>902,203</u>
<b>Current liabilities</b>		
Amount due to related companies	4,847	4,702
Trade & other payables	859,562	713,954
Borrowings	364,362	268,803
Taxation	11,565	10,307
	<u>1,240,336</u>	<u>997,766</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,886,900</u></b>	<b><u>1,899,969</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>2,893,143</u></b>	<b><u>2,553,962</u></b>
 <b>Net assets per share (RM)</b>	 <b><u>0.66</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 Six months to 31/07/2007 RM'000</b>	<b>Unaudited Six months to 31/07/2006 RM'000</b>
Profit before taxation	56,727	40,933
Adjustment for non-cash items	65,910	54,977
Operating profit before working capital changes	<u>122,637</u>	<u>95,910</u>
Net change in current assets	(237,815)	(90,930)
Net change in current liabilities	<u>191,499</u>	<u>22,999</u>
	76,321	27,979
Non-operating items	<u>(36,966)</u>	<u>(37,795)</u>
Net cash generated from operating activities	39,355	(9,816)
Net cash used in investing activities	(152,034)	152,200
Net cash generated from financing activities	<u>124,297</u>	<u>17,914</u>
Net changes in Cash and Cash Equivalent	11,618	160,298
Effect of exchange rate translation	849	(1,417)
Cash and Cash Equivalents at 1 February 2007	<u>291,794</u>	<u>367,203</u>
Cash and Cash Equivalents at 31 July 2007	<u><u>304,261</u></u>	<u><u>526,084</u></u>

Cash and cash equivalents comprise of the following:

	RM'000	RM'000
Cash and bank balances	308,024	531,232
Bank overdrafts	<u>(3,763)</u>	<u>(5,148)</u>
	<u><u>304,261</u></u>	<u><u>526,084</u></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>Six months to 31 July 2007</b>							
<b>(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	-	-	-	21,658	21,658	27,630	49,288
Issue of ordinary share pursuant of ESOS	2,808	9,200	-	-	12,008	-	12,008
Share options granted under ESOS	-	1,188	496	-	1,684	-	1,684
Issue of ordinary share pursuant of CB conversion	47,324	225,552	-	-	272,876	-	272,876
Issue of ordinary share pursuant of exercise of warrants	3	7	-	-	10	-	10
Foreign currency translation	-	-	8,294	-	8,294	8,090	16,384
At 31 July 2007	227,562	421,814	57,756	46,585	753,717	252,526	1,006,243
<b>Six months to 31 July 2006</b>							
<b>(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	-	-	-	13,663	13,663	21,828	35,491
Issue of ordinary share pursuant of ESOS	1,137	1,934	-	-	3,071	-	3,071
Share options granted under ESOS	-	24	228	-	252	-	252
Foreign currency translation	-	-	3,508	-	3,508	(1,539)	1,969
At 31 July 2006	178,470	185,423	68,030	64,041	495,964	200,049	696,013

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 and financial period 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 and financial period under review.

### 6. Debt and equity securities

During the current financial period under review, the issued and paid up capital of the Company increased from 887,136,675 ordinary shares of RM0.20 each to 1,137,810,811 ordinary shares of RM0.20 each by the following:

- i) Issuance of 14,040,509 new ordinary shares of RM0.20 each, pursuant to the exercise of share options under the Company ESOS.
- ii) Issuance of 236,620,427 new ordinary shares of RM0.20 each, pursuant to the conversion of USD72.3 million out of USD80 million Convertible Bonds.
- iii) Issuance of 13,200 new ordinary shares of RM0.20 each, pursuant to the exercise of warrants.

Save as disclosed above, there were no other issuances, cancellations, repurchases, resale and repayment of debt and equity securities during the current financial period ended 31 July 2007.

## 7. Segmental information

	<b>6 months to 31/07/07</b>	
	<b>Segment Revenue</b>	<b>Segment Result</b>
	RM'000	RM'000
Installation of Pipelines and Facilities	429,974	13,987
Drilling	319,808	54,181
Marine Services	273,447	18,891
Operations and Maintenance	20,976	4,896
		<u>91,955</u>
Others (including investment holding and corporate operations)		
Finance costs of debt securities		(20,307)
Pre-operating expenses in relation to Sapura 3000		(8,787)
Other investment holding and corporate operations		(11,798)
Unrealised foreign exchange differences relating to USD convertible bonds		5,664
	<u>1,044,205</u>	<u>56,727</u>
<b>Consolidated revenue / profit before tax</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

Material events subsequent to 31 July 2007 to the date of this announcement are as follows:

- a) On 14 August 2007, the Company announced on the completion of the construction of an offshore drilling rig, T-10.
- b) On 20 August 2007, the Company announced the Group re-organisation involving two of its indirectly held wholly owned subsidiaries, TL Offshore Sdn Bhd ("TLO") and Crest Marine Engineering Sdn Bhd ("CME"). The re-organisation would make both TLO and CME to be directly wholly owned subsidiaries of the Company.
- c) On 21 August 2007, the Company announced that its wholly owned subsidiary, Petro-Plus Sdn Bhd, entered into a Share Subscription Agreement with Larsen & Toubro International FZE, a wholly owned subsidiary of Larsen & Toubro Limited ("L&T"), in conjunction with the Joint Venture Agreement ("JVA") with L&T. All the conditions precedent as set out in the JVA have been fulfilled.

Save as above, there were no other material events subsequent to 31 July 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 and financial period ended 31 July 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	89,379
Share of capital commitment in jointly controlled entities - approved and contracted for	<u>99,796</u>
Total	<u>189,175</u>

## 13. Taxation

Taxation comprises the following:

	Current quarter ended <b>31/07/07</b> RM'000	Corresponding quarter ended <b>31/07/06</b> RM'000	Current 6 months to <b>31/07/07</b> RM'000	Corresponding 6 months to <b>31/07/06</b> RM'000
Malaysian Taxation				
- current taxation	5,315	1,946	6,895	2,685
- deferred taxation	42	1,488	85	2,663
Foreign Taxation				
- current taxation	<u>160</u>	<u>87</u>	<u>459</u>	<u>94</u>
	<u>5,517</u>	<u>3,521</u>	<u>7,439</u>	<u>5,442</u>

The effective tax rates for the current quarter and current financial period were 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 and financial period ended 31 July 2007.

**15. Quoted securities**

There were no acquisitions and disposals of quoted securities for the current quarter and financial period ended 31 July 2007 and there were no investments in quoted securities as at 31 July 2007.

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

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

**(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 investment and/or acquisition of any oil and gas related businesses and/or any oil and gas related assets	90,000	50,376	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>450,376</b>	



## 17. Borrowings

The Group's borrowings as at 31 July 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	89,666	-	89,666	220,890	86,806	307,696
Foreign Bank	235,020	-	235,020	31,952	-	31,952
Debt securities						
- BalDs	44,838	-	44,838	24,714	-	24,714
- CB		24,315	24,315	-	-	-
- Istisna' Bonds	243,929	-	243,929	-	-	-
	613,453	24,315	637,768	277,556	86,806	364,362

## 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 20.4% to RM570.5 million as compared to RM473.7 million in the immediate preceding quarter due to increased activities in all divisions of the Group.

The Group has also registered an increased in profit before taxation by 41.2% to RM33.2 million in the current quarter as compared to RM23.5 million in the immediate preceding quarter. The higher profit was mainly attributable to the drilling and marine services division.

**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 RM570.5 million showed an increase of RM201.3 million or 54.5% compared to RM369.2 million in the corresponding quarter of the preceding year, mainly due to increased activities in the installation of pipelines and facilities ("IPF"), drilling and marine services divisions.

Correspondingly, the Group's profit before taxation increased by 34.9% to RM33.2 million as compared to RM24.6 million in the corresponding quarter of the preceding year. The increase was attributable mainly to the above three divisions.

*Current financial period compared to six months of the preceding year*

For the six months under review, the Group's revenue increased by RM294.9 million or 39.4% to RM1.04 billion compared to RM749.3 million in the first half of the preceding year, mainly due to an increase in the activities of IPF, drilling and marine services divisions.

The Group's profit before taxation increased by 38.6% to RM56.7 million compared to RM40.9 million in the first half of the preceding year attributed mainly to 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>Cumulative Quarter</u>	
	<u>3 months to</u>		<u>6 months to</u>	
<b>i) Basic</b>	<b>31/07/07</b>	<b>31/07/06</b>	<b>31/07/07</b>	<b>31/07/06</b>
Profit attributable to equity holders of the parents (RM'000)	11,211	7,905	21,658	13,663
Weighted average number of ordinary shares in issue ('000)	1,042,632	885,847	1,042,632	885,847
Basic earnings per share (sen)	1.08	0.89	2.08	1.54
	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months to</u>		<u>6 months to</u>	
<b>ii) Diluted</b>	<b>31/07/07</b>	<b>31/07/06</b>	<b>31/07/07</b>	<b>31/07/06</b>
Profit attributable to equity holders of the parents (RM'000)	11,211	7,905	21,658	13,663
Adjusted profit/(loss) (RM'000)	11,211	8,191	21,658	13,972
Weighted average number of ordinary shares in issue ('000)	1,042,632	885,847	1,042,632	885,847
Dilution due to conversion of CB, and exercise of ESOS and warrants	128,761	63,782	128,761	63,782
Adjusted weighted average number of ordinary shares in issue and issuable	1,171,393	949,629	1,171,393	949,629
Diluted earnings per share (sen)	0.96	0.86	1.85	1.47

Selangor  
20 September 2007

### By Order of the Board

Finton Tuan Kit Ming  
Poh Phei Ling  
Company Secretaries