

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 OCTOBER 2007

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	31/10/2007 RM'000	31/10/2006 RM'000	31/10/2007 RM'000	31/10/2006 RM'000
1. Revenue	618,602	573,522	1,662,807	1,322,856
Operating expenses	(547,669)	(572,322)	(1,497,024)	(1,252,522)
Other income	4,450	5,466	8,363	12,504
Profit from operations	75,383	6,666	174,146	82,838
Finance cost	(20,593)	(24,965)	(54,810)	(59,277)
Share of loss of associated companies and jointly controlled entities	54,790	(18,299)	119,336	23,561
	(5,137)	(1,296)	(12,956)	(2,223)
Profit/(loss) before taxation	49,653	(19,595)	106,380	21,338
Taxation	(4,374)	(3,621)	(11,813)	(9,064)
Profit/(loss) for the period	45,279	(23,216)	94,567	12,274
Attributable to :				
Equity holders of the parent	23,329	(38,732)	44,987	(25,069)
Minority interests	21,950	15,516	49,580	37,343
	45,279	(23,216)	94,567	12,274
2. Earnings/(loss) per share (sen)				
Basic	2.24	(4.37)	4.31	(2.83)
Diluted	1.97	(4.37)	3.80	(2.83)

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

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

II. CONDENSED CONSOLIDATED BALANCE SHEET

	UNAUDITED	AUDITED
	As at end of current quarter	As at preceding financial year end
	31/10/2007	31/01/2007
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	949,350	784,645
Investment in associated companies	11,314	9,140
Investment in jointly controlled entities	24,705	41,582
Intangible assets	146,056	146,202
Deferred tax assets	1,721	1,287
Amount due from jointly controlled entities	91,013	56,584
	<u>1,224,159</u>	<u>1,039,440</u>
Current assets		
Inventories	46,086	43,173
Amount due from related companies	7,598	6,059
Trade & other receivables	1,569,692	1,171,395
Cash and bank balances	330,704	291,794
	<u>1,954,080</u>	<u>1,512,421</u>
Non-current assets classified as held for sale	-	2,101
TOTAL ASSETS	<u>3,178,239</u>	<u>2,553,962</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	227,747	177,427
Share premium	422,406	185,867
Other reserves	58,042	48,966
Retained profit	53,547	24,927
	<u>761,742</u>	<u>437,187</u>
Minority interests	276,086	216,806
Total equity	<u>1,037,828</u>	<u>653,993</u>
Non-current liabilities		
Borrowings	631,022	894,050
Deferred taxation	9,091	8,153
	<u>640,113</u>	<u>902,203</u>
Current liabilities		
Amount due to related companies	3,853	4,702
Trade & other payables	951,777	713,954
Borrowings	537,247	268,803
Taxation	7,421	10,307
	<u>1,500,298</u>	<u>997,766</u>
TOTAL LIABILITIES	<u>2,140,411</u>	<u>1,899,969</u>
TOTAL EQUITY AND LIABILITIES	<u>3,178,239</u>	<u>2,553,962</u>
Net assets per share (RM)	<u>0.67</u>	<u>0.49</u>

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

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

III. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Nine months to 31/10/2007 RM'000	Unaudited Nine months to 31/10/2006 RM'000
Profit before taxation	106,380	21,338
Adjustment for non-cash items	125,159	91,253
Operating profit before working capital changes	<u>231,539</u>	<u>112,591</u>
Net change in current assets	(381,566)	(312,673)
Net change in current liabilities	<u>222,424</u>	<u>234,561</u>
	72,397	34,479
Non-operating items	<u>(68,705)</u>	<u>(61,206)</u>
Net cash generated from operating activities	3,692	(26,727)
Net cash used in investing activities	(242,783)	108,296
Net cash generated from financing activities	<u>276,624</u>	<u>234,207</u>
Net changes in Cash and Cash Equivalent	37,533	315,776
Effect of exchange rate translation	1,137	(1,440)
Cash and Cash Equivalents at 1 February 2007	<u>291,794</u>	<u>367,203</u>
Cash and Cash Equivalents at 31 October 2007	<u><u>330,464</u></u>	<u><u>681,539</u></u>

Cash and cash equivalents comprise of the following:

	RM'000	RM'000
Cash and bank balances	330,704	683,703
Bank overdrafts	<u>(240)</u>	<u>(2,164)</u>
	<u><u>330,464</u></u>	<u><u>681,539</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.

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

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
Nine months to 31 October 2007 (unaudited)							
At 1 February 2007	177,427	185,867	48,966	24,927	437,187	216,806	653,993
Net profit for the period	-	-	-	44,987	44,987	49,580	94,567
Issue of ordinary share pursuant of ESOS	2,938	9,617	-	-	12,555	-	12,555
Share options granted under ESOS	-	1,222	462	-	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	58	148	-	-	206	-	206
Foreign currency translation	-	-	8,614	-	8,614	9,700	18,314
First and final dividend for the financial year ended 31 January 2007				(16,367)	(16,367)		(16,367)
At 31 October 2007	227,747	422,406	58,042	53,547	761,742	276,086	1,037,828
Nine months to 31 October 2006 (unaudited)							
At 1 February 2006	177,333	183,465	64,294	50,378	475,470	179,760	655,230
Net loss for the period	-	-	-	(25,069)	(25,069)	37,343	12,274
Issue of ordinary share pursuant of ESOS	1,168	1,987	-	-	3,155	-	3,155
Share options granted under ESOS	-	24	228	-	252	-	252
Foreign currency translation	-	-	3,782	-	3,782	(1,539)	2,243
Final dividend for the financial year ended 31 January 2006				(9,567)	(9,567)		(9,567)
At 31 October 2006	178,501	185,476	68,304	15,742	448,023	215,564	663,587

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 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 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

(a) Debt securities

On 5 October 2007 and 9 October 2007, Bayu Padu Sdn Bhd ("Bayu Padu"), a wholly owned subsidiary of the Company, issued a total of RM100 million nominal value Murabahah Commercial Papers ("Murabahah CPs") under the Murabahah CPs and/or Murabahah Medium Term Notes Programme announced on 8 July 2005.

(b) 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 1,138,737,151 ordinary shares of RM0.20 each by the following:

- i) Issuance of 14,689,849 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 290,200 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 October 2007.

7. Dividends paid

A first and final dividend of 2.0 sen per ordinary share less 27% tax, totalling RM16.37 million in respect of the financial year ended 31 January 2007 was paid on 15 August 2007.

8. Segmental information

	9 months to 31/10/07	
	Segment Revenue	Segment Result
	RM'000	RM'000
Installation of Pipelines and Facilities	741,871	31,981
Drilling	511,112	95,787
Marine Services	375,699	29,295
Operations and Maintenance	34,125	7,709
		<u>164,772</u>
Others (including investment holding and corporate operations)		
Finance costs of debt securities		(29,607)
Pre-operating expenses in relation to Sapura 3000		(15,097)
Other investment holding and corporate operations		(19,538)
Foreign exchange differences relating to USD convertible bonds		5,850
Consolidated revenue / profit before tax	<u>1,662,807</u>	<u>106,380</u>

9. Carrying amount of revalued assets

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

10. Subsequent event

There were no material events subsequent to 31 October 2007 to the date of this announcement.

11. Changes in the composition of the Group

On 23 September 2007, Petro-Plus Sdn Bhd, a wholly owned subsidiary of the Company subscribed to 100 shares representing 40% of the issued shares of the joint venture company with Larsen & Toubro Limited, known as Offshore International FZC.

Save as disclosed above, there were no changes in the composition of the Group for the current quarter and financial period ended 31 October 2007 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

Approved and contracted for:	RM'000
Group	29,273
Share of capital commitment in jointly controlled entities	<u>89,840</u>
Total	<u>119,113</u>

14. Taxation

Taxation comprises the following:

	Current quarter ended 31/10/07 RM'000	Corresponding quarter ended 31/10/06 RM'000	Current 9 months to 31/10/07 RM'000	Corresponding 9 months to 31/10/06 RM'000
Malaysian Taxation				
- current taxation	2,811	1,940	9,706	4,626
- under provision in respect of prior years	846	-	846	-
- deferred taxation	43	1,331	128	3,994
Foreign Taxation				
- current taxation	<u>674</u>	<u>350</u>	<u>1,133</u>	<u>444</u>
	<u>4,374</u>	<u>3,621</u>	<u>11,813</u>	<u>9,064</u>

The effective tax rates of 9% and 11% for the current quarter and current financial period respectively were lower than the statutory tax rate of 26% principally due to lower statutory tax rates for offshore subsidiary companies and utilisation of unabsorbed tax losses and capital allowances.

15. 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 October 2007.

16. Quoted securities

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

17. (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 June 2008
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	-
Total	490,000	450,376	

(ii) Murabahah Commercial Papers – (RM95 million)

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation
i) For working capital	95,000	88,300	By Dec 2007

18. Borrowings

The Group's borrowings as at 31 October 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	64,407	-	64,407	290,748	80,042	370,790
Foreign Bank	253,212	-	253,212	44,954	973	45,927
Debt securities						
- BaIDs	44,919	-	44,919	24,715	-	24,715
- CB		24,304	24,304	-	-	-
- Istisna' Bonds	244,180	-	244,180	-	-	-
- Murabahah CPs	-	-	-	95,815	-	95,815
	606,718	24,304	631,022	456,232	81,015	537,247

19. 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.

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 for the current quarter increased by 8.4% to RM618.6 million as compared to RM570.5 million in the immediate preceding quarter mainly due to increased activities in installation of pipelines and facilities ("IPF") and drilling divisions.

The Group's profit before taxation increased by 49.5% to RM49.7 million in the current quarter as compared to RM33.2 million in the immediate preceding quarter. The higher profit was mainly attributable to the IPF and drilling divisions.

22. 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 RM618.6 million showed an increase of RM45.1 million or 7.9% compared to RM573.5 million in the corresponding quarter of the preceding year, mainly due to increased activities in the drilling and operations and maintenance division.

Correspondingly, the Group registered profit before taxation of RM49.7 million as compared to a loss of RM19.6 million in the corresponding quarter of the preceding year. The increase was attributable mainly due to the turnaround as a result of improved cost and contract management in the IPF division as well as higher contribution from the drilling and operation and maintenance divisions.

Current financial period compared to nine months of the preceding year

For the nine months under review, the Group's revenue increased by RM339.9 million or 25.7% to RM1.66 billion compared to RM1.32 billion in the nine months 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 398.6% to RM106.4 million compared to RM21.3 million in the nine months of the preceding year attributed mainly to the IPF, drilling and operations and maintenance divisions as mentioned above.

23. (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.

24. Dividend

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

25. Earnings per share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months to</u>		<u>9 months to</u>	
i) Basic	31/10/07	31/10/06	31/10/07	31/10/06
Profit/(loss) attributable to equity holders of the parents (RM'000)	23,329	(38,732)	44,987	(25,069)
Weighted average number of ordinary shares in issue ('000)	1,042,967	886,002	1,042,967	886,002
Basic earnings/(loss) per share (sen)	<u>2.24</u>	<u>(4.37)</u>	<u>4.31</u>	<u>(2.83)</u>

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months to</u>		<u>9 months to</u>	
ii) Diluted	31/10/07	31/10/06	31/10/07	31/10/06
Profit/(loss) attributable to equity holders of the parents (RM'000)	23,329	(38,732)	44,987	(25,069)
Adjusted profit/(loss) (RM'000)	23,329	(38,732)	44,987	(25,069)
Weighted average number of ordinary shares in issue ('000)	1,042,967	886,002	1,042,967	886,002
Dilution due to conversion of CB, and exercise of ESOS and warrants ('000)	<u>142,014</u>	<u>-</u>	<u>142,014</u>	<u>-</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,184,981	886,002	1,184,981	886,002
Diluted earnings/(loss) per share (sen)	<u>1.97</u>	<u>(4.37)</u>	<u>3.80</u>	<u>(2.83)</u>

Selangor
13 December 2007

By Order of the Board

Finton Tuan Kit Ming
Poh Phei Ling
Company Secretaries