

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 JULY 2008**

**THE FIGURES HAVE NOT BEEN AUDITED**

**I. CONDENSED CONSOLIDATED INCOME STATEMENT**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	Current year quarter <b>31/07/2008</b> RM'000	Preceding year corresponding quarter <b>31/07/2007</b> RM'000	Six months to <b>31/07/2008</b> RM'000	Six months to <b>31/07/2007</b> RM'000
<b>1. Revenue</b>	<b>903,133</b>	<b>570,486</b>	<b>1,587,579</b>	<b>1,044,205</b>
Operating expenses	(808,542)	(522,025)	(1,425,256)	(949,354)
Other income	4,731	2,302	6,802	3,912
Profit from operations	99,322	50,763	169,125	98,763
Finance cost	(14,266)	(15,527)	(29,142)	(34,217)
	85,056	35,236	139,983	64,546
Share of loss of associated companies and jointly controlled entities	(10,322)	(2,031)	(20,070)	(7,819)
<b>Profit before taxation</b>	<b>74,734</b>	<b>33,205</b>	<b>119,913</b>	<b>56,727</b>
Taxation	(8,174)	(5,517)	(12,578)	(7,439)
<b>Profit for the period</b>	<b>66,560</b>	<b>27,688</b>	<b>107,335</b>	<b>49,288</b>
Attributable to :				
Equity holders of the parent	32,100	11,211	52,455	21,658
Minority interests	34,460	16,477	54,880	27,630
	<b>66,560</b>	<b>27,688</b>	<b>107,335</b>	<b>49,288</b>
<b>2. Earnings per share (sen)</b>				
Basic	<b>2.73</b>	<b>1.08</b>	<b>4.46</b>	<b>2.08</b>
Diluted	<b>2.48</b>	<b>0.96</b>	<b>4.06</b>	<b>1.85</b>

The condensed consolidated income statement should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2008.

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

**II. CONDENSED CONSOLIDATED BALANCE SHEET**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	As at end of current quarter	As at preceding financial year end
	<b>31/07/2008</b>	<b>31/01/2008</b>
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	854,067	876,294
Investment in jointly controlled entities and associated companies	131,695	154,279
Intangible assets	149,773	145,994
Deferred tax assets	2,152	1,358
	<u>1,137,687</u>	<u>1,177,925</u>
<b>Current assets</b>		
Inventories	61,126	57,373
Trade & other receivables	1,546,291	1,388,725
Cash and bank balances	527,861	354,209
	<u>2,135,278</u>	<u>1,800,307</u>
<b>TOTAL ASSETS</b>	<u><b>3,272,965</b></u>	<u><b>2,978,232</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	236,474	233,670
Share premium	455,786	448,104
Other reserves	30,737	27,875
Retained profit	139,279	86,824
	<u>862,276</u>	<u>796,473</u>
<b>Minority interests</b>	<u>325,761</u>	<u>272,165</u>
<b>Total equity</b>	<u>1,188,037</u>	<u>1,068,638</u>
<b>Non-current liabilities</b>		
Borrowings	465,364	516,868
Deferred taxation	9,423	9,368
	<u>474,787</u>	<u>526,236</u>
<b>Current liabilities</b>		
Trade & other payables	1,057,876	833,936
Borrowings	537,963	540,038
Taxation	14,302	9,384
	<u>1,610,141</u>	<u>1,383,358</u>
<b>TOTAL LIABILITIES</b>	<u>2,084,928</u>	<u>1,909,594</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>3,272,965</b></u>	<u><b>2,978,232</b></u>
<b>Net assets per share (RM)</b>	<u><b>0.73</b></u>	<u><b>0.68</b></u>

The condensed consolidated balance sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2008.

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

**III. CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>Unaudited Six months to 31/07/2008 RM'000</b>	<b>Unaudited Six months to 31/07/2007 RM'000</b>
Profit before taxation	119,913	56,727
Adjustment for non-cash items	93,187	65,910
Operating profit before working capital changes	<u>213,100</u>	<u>122,637</u>
Net change in current assets	(148,656)	(237,815)
Net change in current liabilities	<u>241,402</u>	<u>191,499</u>
	305,846	76,321
Non-operating items	<u>(42,242)</u>	<u>(36,966)</u>
Net cash generated from operating activities	263,604	39,355
Net cash used in investing activities	(41,976)	(152,034)
Net cash (used in)/generated from financing activities	<u>(51,032)</u>	<u>124,297</u>
Net changes in Cash and Cash Equivalent	170,596	11,618
Effect of exchange rate translation	3,056	849
Cash and Cash Equivalents at 1 February 2008	<u>354,209</u>	<u>291,794</u>
Cash and Cash Equivalents at 31 July 2008	<u><u>527,861</u></u>	<u><u>304,261</u></u>

Cash and cash equivalents comprise of the following:

	RM'000	RM'000
Cash and bank balances	527,861	308,024
Bank overdrafts	-	(3,763)
	<u>527,861</u>	<u>304,261</u>

The condensed consolidated cash flow statement should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2008.

**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
<b>Six months to 31 July 2008</b>							
<b>(Unaudited)</b>							
At 1 February 2008	233,670	448,104	27,875	86,824	796,473	272,165	1,068,638
Net profit for the period	-	-	-	52,455	52,455	54,880	107,335
Issue of ordinary share pursuant of ESOS	494	1,459	-	-	1,953	-	1,953
Share options granted under ESOS	-	332	(332)	-	-	-	-
Issue of ordinary share pursuant of exercise of warrants	2,310	5,891	-	-	8,201	-	8,201
Foreign currency translation	-	-	3,194	-	3,194	(1,284)	1,910
At 31 July 2008	<u>236,474</u>	<u>455,786</u>	<u>30,737</u>	<u>139,279</u>	<u>862,276</u>	<u>325,761</u>	<u>1,188,037</u>
<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	<u>227,562</u>	<u>421,814</u>	<u>57,756</u>	<u>46,585</u>	<u>753,717</u>	<u>252,526</u>	<u>1,006,243</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2008.

## **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 2008.

### **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. Seasonality and cyclicity of operations**

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

### **3. 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.

### **4. 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.

### **5. Debt and equity securities**

During the current financial period under review, the issued and paid up capital of the Company increased from 1,168,349,391 ordinary shares of RM0.20 each to 1,182,370,566 ordinary shares of RM0.20 each by the following:

- i) Issuance of 2,470,550 new ordinary shares of RM0.20 each, pursuant to the exercise of share options under the Company ESOS.
- ii) Issuance of 11,550,625 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 2008.

### **6. Dividends paid**

There were no dividends paid during the current quarter and financial period under review.

## 7. Segmental information

	<b>6 months to 31/07/08</b>	
	<b>Segment Revenue</b>	<b>Segment Results</b>
	RM'000	RM'000
Installation of Pipelines and Facilities	846,230	40,638
Drilling	413,666	105,051
Marine Services	310,115	18,745
Operations and Maintenance	17,568	4,838
		<u>169,272</u>
Share of results in jointly controlled entities (Installation of pipelines and facilities)		(19,342)
Others (including investment holding and corporate operations)		
Finance costs of debt securities		(13,713)
Pre-operating expenses - an associate/JV company		(1,760)
Other investment holding and corporate operations		(14,544)
<b>Consolidated revenue / profit before tax</b>	<b><u>1,587,579</u></b>	<b><u>119,913</u></b>

## 8. Subsequent event

- (i) On 1 August 2008, the Company via its wholly owned subsidiary, Geomark Sdn Bhd ("Geomark") has entered into a shareholders agreement with AP Prakash Shipping Company Pte Ltd ("APPPL") to participate in the construction and financing of a new vessel held by Quippo Prakash Pte Ltd ("QP") ("Proposed JV").
- (ii) On 2 September 2008, the balance consideration payable to Tom Pado and Paul and Geraldine Colley following from the exercise of their options of 10% and 4% respectively, as disclosed in Note 9(i), had been agreed. As such, the sum of AUD684,035.82 and AUD273,614.33 were paid to Tom Pado and Paul and Geraldine Colley respectively.

Save as disclosed above, there were no other material events subsequent to 31 July 2008 to the date of this announcement.

## 9. Changes in the composition of the Group

- (i) On 14 April 2008, the Company via its wholly owned subsidiary, TL Offshore Sdn Bhd, increased its shareholding in Total Marine Technology Pty Ltd ("TMT") to 90% of its issued and paid up share capital subsequent to the exercise of the put option by Tom Pado, who disposed of his entire 10% shareholding in TMT.

Subsequently, on 10 June 2008, the Company via its wholly owned subsidiary, TL Offshore Sdn Bhd, increased its shareholding in TMT to 94% of its issued and paid up share capital subsequent to the exercise of the put option by Paul and Geraldine Colley for the 4% out of their 10% shareholding in TMT.

- (ii) On 18 July 2008, the Company acquired the entire issued shares of Aurabayu Sdn Bhd (“Aurabayu”) and Geomark Sdn Bhd (“Geomark”) at a total cash consideration of RM4.00. The authorised share capital of Aurabayu and Geomark is RM100,000 each comprising of 100,000 shares of RM1.00 each while its issued share capital consists of 2 shares each of which RM2.00 have been fully paid.

Save as disclosed above, there were no changes in the composition of the Group for the current quarter and financial period ended 31 July 2008 including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinued operations.

## 10. Contingent liabilities

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

## 11. Capital commitments

Approved and contracted for:	RM'000
Group	97,527
Share of capital commitment in jointly controlled entities and associated companies	<u>94,189</u>
Total	<u>191,716</u>

## 12. Taxation

Taxation comprises the following:

	Current quarter ended <b>31/07/08</b> RM'000	Preceding year Corresponding quarter ended <b>31/07/07</b> RM'000	Current 6 months to <b>31/07/08</b> RM'000	Preceding year Corresponding 6 months to <b>31/07/07</b> RM'000
Malaysian Taxation				
- current taxation	6,585	5,315	9,753	6,895
- deferred taxation	221	42	443	85
Foreign Taxation				
- current taxation	<u>1,368</u>	<u>160</u>	<u>2,382</u>	<u>459</u>
	<u>8,174</u>	<u>5,517</u>	<u>12,578</u>	<u>7,439</u>

The effective tax rate of 11% for the current quarter and 10% for the current financial period were lower than the statutory tax rate of 25% principally due to lower statutory tax rates for offshore subsidiary companies and utilisation of unabsorbed tax losses.

## 13. 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 2008.

**14. Quoted securities**

There were no acquisitions and disposals of quoted securities for the current quarter and financial period ended 31 July 2008 and there were no investments in quoted securities as at 31 July 2008.

**15. (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 except for the Proposed JV as disclosed in Note 8 (i).

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

***(i) Istisna' Bonds Proceeds – (RM245 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	59,141	By Dec 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)	80,000	80,000	-
<b>Total</b>	<b>245,000</b>	<b>214,141</b>	



## 16. Borrowings

The Group's borrowings as at 31 July 2008 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	13,621	-	13,621	287,140	66,304	353,444
Foreign Bank	206,806	-	206,806	39,191	1,260	40,451
Debt securities						
- BaIDs	-	-	-	44,877	-	44,877
- Istisna' Bonds	244,937	-	244,937	-	-	-
- Murabahah CPs	-	-	-	99,191	-	99,191
	465,364	-	465,364	470,399	67,564	537,963

## 17. Off-balance sheet financial instruments

### a) Forward foreign exchange contract

As at the date of this announcement, subsisting forward foreign exchange contracts entered into by the Group is, in aggregate, as follows:

Contracted amount	:	USD4 million
Maturity	:	Within 1.5 months

### b) 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.

The credit risk of the above off balance sheet instruments is minimal given that the contracts were entered into with a creditworthy financial institution.

### **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.

## 18. Material litigation

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

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

Revenue for the current quarter increased by 32.0% to RM903.1 million as compared to RM684.4 million in the immediate preceding quarter mainly due to increased activities in installation of pipelines and facilities ("IPF"), drilling and marine services division.

Profit before taxation increased by 65.4% to RM74.7 million in the current quarter as compared to RM45.2 million in the immediate preceding quarter. The Group's higher profit was mainly attributable to the higher profits registered by the IPF and drilling divisions.

**20. 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 RM903.1 million showed an increase of RM332.6 million or 58.3% compared to RM570.5 million in the corresponding quarter of the preceding year, mainly due to increased activities in the IPF, drilling and marine services divisions.

Correspondingly, the Group registered profit before taxation of RM74.7 million as compared to RM33.2 million in the corresponding quarter of the preceding year representing an increase of 125.1%. The increase was attributable mainly to the IPF and drilling divisions.

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

For the six months under review, the Group's revenue increased by RM543.4 million or 52.0% to RM1.59 billion compared to RM1.04 billion in the preceding year, mainly due to increased activities in the IPF, drilling and marine services divisions.

The Group's profit before taxation increased by 111.4% to RM119.9 million compared to RM56.7 million in the six months of the preceding year principally due to the IPF and drilling divisions.

**21. (a) Prospects for the financial year ending 31 January 2009**

Barring any unforeseen circumstances, the Directors expect the Group to achieve favourable results for the financial year ending 31 January 2009.

**(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.

**22. Dividend**

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

**23. Earnings per share**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months to</u> <u>31/07/08</u>	<u>31/07/07</u>	<u>6 months to</u> <u>31/07/08</u>	<u>31/07/07</u>
<b>i) Basic</b>				
Profit attributable to equity holders of the parent (RM'000)	32,100	11,211	52,455	21,658
Weighted average number of ordinary shares in issue ('000)	1,176,054	1,042,632	1,176,054	1,042,632
Basic earnings per share (sen)	<u>2.73</u>	<u>1.08</u>	<u>4.46</u>	<u>2.08</u>
	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months to</u> <u>31/07/08</u>	<u>31/07/07</u>	<u>6 months to</u> <u>31/07/08</u>	<u>31/07/07</u>
<b>ii) Diluted</b>				
Profit attributable to equity holders of the parent (RM'000)	32,100	11,211	52,455	21,658
Weighted average number of ordinary shares in issue ('000)	1,176,054	1,042,632	1,176,054	1,042,632
Dilution due to exercise of ESOS and warrants ('000)	<u>116,720</u>	<u>128,761</u>	<u>116,720</u>	<u>128,761</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,292,774	1,171,393	1,292,774	1,171,393
Diluted earnings per share (sen)	<u>2.48</u>	<u>0.96</u>	<u>4.06</u>	<u>1.85</u>

Selangor  
16 September 2008

**By Order of the Board**

Finton Tuan Kit Ming  
Poh Phei Ling  
Company Secretaries