

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 OCTOBER 2008

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/10/2008 RM'000	Preceding year corresponding quarter 31/10/2007 RM'000	Nine months to 31/10/2008 RM'000	Nine months to 31/10/2007 RM'000
1. Revenue	1,046,426	618,602	2,634,005	1,662,807
Operating expenses	(940,067)	(547,669)	(2,365,323)	(1,497,024)
Other income	2,807	4,450	9,609	8,363
Profit from operations	109,166	75,383	278,291	174,146
Finance cost	(13,679)	(20,593)	(42,821)	(54,810)
	95,487	54,790	235,470	119,336
Share of loss of associated companies and jointly controlled entities	(6,029)	(5,137)	(26,099)	(12,956)
Profit before taxation	89,458	49,653	209,371	106,380
Taxation	(11,383)	(4,374)	(23,961)	(11,813)
Profit for the period	78,075	45,279	185,410	94,567
Attributable to :				
Equity holders of the parent	36,926	23,329	89,381	44,987
Minority interests	41,149	21,950	96,029	49,580
	78,075	45,279	185,410	94,567
2. Earnings per share (sen)				
Basic	3.14	2.24	7.59	4.31
Diluted	2.87	1.97	6.96	3.80

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

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II. CONDENSED CONSOLIDATED BALANCE SHEET

	UNAUDITED	AUDITED
	As at end of current quarter	As at preceding financial year end
	31/10/2008	31/01/2008
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	880,474	876,294
Investment in jointly controlled entities and associated companies	125,046	154,279
Intangible assets	149,588	145,994
Deferred tax assets	1,932	1,358
	<u>1,157,040</u>	<u>1,177,925</u>
Current assets		
Inventories	57,158	57,373
Trade & other receivables	1,884,726	1,388,725
Cash and bank balances	428,640	354,209
	<u>2,370,524</u>	<u>1,800,307</u>
TOTAL ASSETS	<u>3,527,564</u>	<u>2,978,232</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	237,298	233,670
Share premium	457,889	448,104
Other reserves	42,191	27,875
Retained profit	158,710	86,824
	<u>896,088</u>	<u>796,473</u>
Minority interests	<u>344,880</u>	<u>272,165</u>
Total equity	<u>1,240,968</u>	<u>1,068,638</u>
Non-current liabilities		
Borrowings	455,167	516,868
Deferred taxation	7,868	9,368
	<u>463,035</u>	<u>526,236</u>
Current liabilities		
Trade & other payables	1,273,727	833,936
Borrowings	531,762	540,038
Taxation	18,072	9,384
	<u>1,823,561</u>	<u>1,383,358</u>
TOTAL LIABILITIES	<u>2,286,596</u>	<u>1,909,594</u>
TOTAL EQUITY AND LIABILITIES	<u>3,527,564</u>	<u>2,978,232</u>
Net assets per share (RM)	<u>0.76</u>	<u>0.68</u>

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

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III. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Nine months to 31/10/2008 RM'000	Unaudited Nine months to 31/10/2007 RM'000
Profit before taxation	209,371	106,380
Adjustment for non-cash items	130,488	125,159
Operating profit before working capital changes	<u>339,859</u>	<u>231,539</u>
Net change in current assets	(421,401)	(381,566)
Net change in current liabilities	<u>459,456</u>	<u>222,424</u>
	377,914	72,397
Non-operating items	<u>(68,697)</u>	<u>(68,705)</u>
Net cash generated from operating activities	309,217	3,692
Net cash used in investing activities	(117,320)	(242,783)
Net cash (used in)/generated from financing activities	<u>(125,298)</u>	<u>276,624</u>
Net changes in Cash and Cash Equivalent	66,599	37,533
Effect of exchange rate translation	5,379	1,137
Cash and Cash Equivalents at beginning of year	<u>354,209</u>	<u>291,794</u>
Cash and Cash Equivalents at end of period	<u><u>426,187</u></u>	<u><u>330,464</u></u>

Cash and cash equivalents comprise of the following:

	RM'000	RM'000
Cash and bank balances	428,640	330,704
Bank overdrafts	<u>(2,453)</u>	<u>(240)</u>
	<u><u>426,187</u></u>	<u><u>330,464</u></u>

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

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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
Nine months to 31 October 2008							
(Unaudited)							
At 1 February 2008	233,670	448,104	27,875	86,824	796,473	272,165	1,068,638
Net profit for the period	-	-	-	89,381	89,381	96,029	185,410
Issue of ordinary share pursuant of ESOS	494	1,461	-	-	1,955	-	1,955
Share options granted under ESOS	-	332	(332)	-	-	-	-
Issue of ordinary share pursuant of exercise of warrants	3,134	7,992	-	-	11,126	-	11,126
Foreign currency translation	-	-	14,648	-	14,648	(23,314)	(8,666)
First and final dividend for financial year ended 31 January 2008	-	-	-	(17,495)	(17,495)	-	(17,495)
At 31 October 2008	237,298	457,889	42,191	158,710	896,088	344,880	1,240,968
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 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

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 1,186,492,401 ordinary shares of RM0.20 each by the following:

- i) Issuance of 2,472,660 new ordinary shares of RM0.20 each, pursuant to the exercise of share options under the Company ESOS.
- ii) Issuance of 15,670,350 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 2008.

6. Dividends paid

A first and final dividend of 2.0 sen per ordinary share less 26% tax, totalling RM17.49 million in respect of the financial year ended 31 January 2008 was paid on 15 August 2008.

7. Segmental information

	9 months to 31/10/08	
	Segment Revenue	Segment Results
	RM'000	RM'000
Installation of Pipelines and Facilities	1,508,923	65,488
Drilling	642,838	184,336
Marine Services	457,523	25,699
Operations and Maintenance	24,721	<u>6,124</u>
		281,647
Share of results in jointly controlled entities		
(Installation of pipelines and facilities)		(25,414)
Others (including investment holding and corporate operations)		
Finance costs of debt securities		(20,619)
Pre-operating expenses - an associate/JV company		(2,299)
Other investment holding and corporate operations		<u>(23,944)</u>
Consolidated revenue / profit before tax	<u>2,634,005</u>	<u>209,371</u>

8. Subsequent event

There were no material events subsequent to 31 October 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 October 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	80,171
Share of capital commitment in jointly controlled entities and associated companies	<u>84,981</u>
Total	<u>165,152</u>

12. Taxation

Taxation comprises the following:

	Current quarter ended 31/10/08 RM'000	Preceding year Corresponding quarter ended 31/10/07 RM'000	Current 9 months to 31/10/08 RM'000	Preceding year Corresponding 9 months to 31/10/07 RM'000
Malaysian Taxation				
- current taxation	6,077	2,811	15,830	9,706
- under/(over) provision in respect of prior year	557	846	557	846
- deferred taxation	222	43	665	128
Foreign Taxation				
- current taxation	4,551	674	6,933	1,133
- under/(over) provision in respect of prior year	<u>(24)</u>	<u>-</u>	<u>(24)</u>	<u>-</u>
	<u>11,383</u>	<u>4,374</u>	<u>23,961</u>	<u>11,813</u>

The effective tax rate of 13% for the current quarter and 11% 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 October 2008.

14. Quoted securities

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

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

On 1 August 2008, the Company had via its wholly owned subsidiary, Geomark Sdn Bhd ("Geomark"), 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") (the "JV Agreement"). Subsequently on 3 December 2008, the Company announced that the said parties have agreed to extend the time period for the fulfillment of conditions precedent as contained in the JV Agreement to 12 January 2009.

Save as disclosed above, 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 – (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	50,467	By June 2009
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	-
Total	245,000	205,467	

16. Borrowings

The Group's borrowings as at 31 October 2008 are as follows:

	Long term borrowings			Short term borrowings		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
Domestic Banks	1,449	-	1,449	317,082	26,964	344,046
Foreign Bank	208,529	-	208,529	42,105	1,139	43,244
Debt securities						
- BaIDs	-	-	-	44,958	-	44,958
- Istisna' Bonds	245,189	-	245,189	-	-	-
- Murabahah CPs	-	-	-	99,514	-	99,514
	455,167	-	455,167	503,659	28,103	531,762

17. 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.

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 15.9% to RM1.05 billion as compared to RM903.1 million in the immediate preceding quarter mainly due to increased activities in installation of pipelines and facilities ("IPF") and drilling divisions.

Profit before taxation increased by 19.7% to RM89.5 million in the current quarter as compared to RM74.7 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 RM1.05 billion showed an increase of RM427.8 million or 69.2% compared to RM618.6 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 RM89.5 million as compared to RM49.7 million in the corresponding quarter of the preceding year representing an increase of 80.2%. The increase was attributable mainly to the IPF and drilling divisions.

Current financial period compared to nine months of the preceding year

For the nine months under review, the Group's revenue increased by RM971.2 million or 58.4% to RM2.63 billion compared to RM1.66 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 96.8% to RM209.4 million as compared to RM106.4 million in the nine 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. Proposed dividend

The Board of Directors has declared an interim single-tier dividend of 2.0 sen per share for the financial year ending 31 January 2009. The dividend will be paid on 16 February 2009 to shareholders whose names appeared in the Record of Depositors on 16 January 2009.

23. Earnings per share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months to</u> <u>31/10/08</u>	<u>31/10/07</u>	<u>9 months to</u> <u>31/10/08</u>	<u>31/10/07</u>
i) Basic				
Profit attributable to equity holders of the parent (RM'000)	36,926	23,329	89,381	44,987
Weighted average number of ordinary shares in issue ('000)	1,177,550	1,042,967	1,177,550	1,042,967
Basic earnings per share (sen)	3.14	2.24	7.59	4.31
	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months to</u> <u>31/10/08</u>	<u>31/10/07</u>	<u>9 months to</u> <u>31/10/08</u>	<u>31/10/07</u>
ii) Diluted				
Profit attributable to equity holders of the parent (RM'000)	36,926	23,329	89,381	44,987
Weighted average number of ordinary shares in issue ('000)	1,177,550	1,042,967	1,177,550	1,042,967
Dilution due to exercise of ESOS and warrants ('000)	107,100	142,014	107,100	142,014
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,284,650	1,184,981	1,284,650	1,184,981
Diluted earnings per share (sen)	2.87	1.97	6.96	3.80

Selangor
10 December 2008

By Order of the Board

Finton Tuan Kit Ming
Poh Phei Ling
Company Secretaries