

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 OCTOBER 2009

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED INCOME STATEMENT

| | Individual Quarter | | Cumulative Quarter | |
|--|--|---|---|---|
| | Current year quarter 31/10/2009 RM'000 | Preceding year corresponding quarter 31/10/2008 RM'000 | Nine months to 31/10/2009 RM'000 | Nine months to 31/10/2008 RM'000 |
| 1. Revenue | 1,024,811 | 1,046,426 | 2,772,567 | 2,634,005 |
| Operating expenses | (921,962) | (940,067) | (2,482,603) | (2,365,323) |
| Other income | 8,608 | 2,807 | 16,172 | 9,609 |
| Profit from operations | 111,457 | 109,166 | 306,136 | 278,291 |
| Finance cost | (11,189) | (13,679) | (34,288) | (42,821) |
| | 100,268 | 95,487 | 271,848 | 235,470 |
| Share of results of associated companies and jointly controlled entities | 15,280 | (6,029) | 19,695 | (26,099) |
| Profit before taxation | 115,548 | 89,458 | 291,543 | 209,371 |
| Taxation | (16,618) | (11,383) | (38,524) | (23,961) |
| Profit for the period | 98,930 | 78,075 | 253,019 | 185,410 |
| Attributable to : | | | | |
| Equity holders of the parent | 53,442 | 36,926 | 131,464 | 89,381 |
| Minority interests | 45,488 | 41,149 | 121,555 | 96,029 |
| | 98,930 | 78,075 | 253,019 | 185,410 |
| 2. Earnings per share (sen) | | | | |
| Basic | 4.22 | 3.14 | 10.39 | 7.59 |
| Diluted | 4.22 | 2.87 | 10.39 | 6.96 |

The condensed consolidated income statement should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2009.

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II. CONDENSED CONSOLIDATED BALANCE SHEET

| | UNAUDITED | AUDITED |
|---|---------------------------------|---------------------------------------|
| | As at end of current quarter | As at preceding financial year end |
| | 31/10/2009 | 31/01/2009 |
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 902,956 | 903,559 |
| Investment in jointly controlled entities and associated companies | 154,522 | 105,508 |
| Intangible assets | 149,364 | 149,515 |
| Deferred tax assets | 8,748 | 11,001 |
| | <u>1,215,590</u> | <u>1,169,583</u> |
| Current assets | | |
| Inventories | 57,846 | 50,023 |
| Trade & other receivables | 1,917,813 | 1,718,238 |
| Cash and bank balances | 754,135 | 593,538 |
| | <u>2,729,794</u> | <u>2,361,799</u> |
| TOTAL ASSETS | <u>3,945,384</u> | <u>3,531,382</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the parent | | |
| Share capital | 255,344 | 238,767 |
| Share premium | 505,337 | 461,632 |
| Other reserves | 46,650 | 60,658 |
| Retained profit | 216,369 | 161,333 |
| | <u>1,023,700</u> | <u>922,390</u> |
| Minority interests | <u>380,576</u> | <u>401,197</u> |
| Total equity | <u>1,404,276</u> | <u>1,323,587</u> |
| Non-current liabilities | | |
| Borrowings | 418,794 | 454,307 |
| Deferred taxation | 11,320 | 8,583 |
| | <u>430,114</u> | <u>462,890</u> |
| Current liabilities | | |
| Trade & other payables | 1,702,378 | 1,252,695 |
| Borrowings | 387,809 | 477,725 |
| Taxation | 20,807 | 14,485 |
| | <u>2,110,994</u> | <u>1,744,905</u> |
| TOTAL LIABILITIES | <u>2,541,108</u> | <u>2,207,795</u> |
| TOTAL EQUITY AND LIABILITIES | <u>3,945,384</u> | <u>3,531,382</u> |
| | | |
| Net assets per share (RM) | <u>0.80</u> | <u>0.77</u> |

The condensed consolidated balance sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2009.

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III. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | Unaudited Nine months to 31/10/2009 RM'000 | Unaudited Nine months to 31/10/2008 RM'000 |
|---|---|---|
| Profit before taxation | 291,543 | 209,371 |
| Adjustment for non-cash items | 76,098 | 130,488 |
| Operating profit before working capital changes | <u>367,641</u> | <u>339,859</u> |
| Net change in current assets | (172,217) | (421,401) |
| Net change in current liabilities | <u>407,445</u> | <u>459,456</u> |
| | 602,869 | 377,914 |
| Non-operating items | <u>(92,029)</u> | <u>(68,697)</u> |
| Net cash generated from operating activities | 510,840 | 309,217 |
| Net cash used in investing activities | (214,258) | (117,320) |
| Net cash used in financing activities | <u>(126,708)</u> | <u>(125,298)</u> |
| Net changes in Cash and Cash Equivalent | 169,874 | 66,599 |
| Effect of exchange rate translation | (6,123) | 5,379 |
| Cash and Cash Equivalents at beginning of year | <u>590,384</u> | <u>354,209</u> |
| Cash and Cash Equivalents at end of period | <u><u>754,135</u></u> | <u><u>426,187</u></u> |

The condensed consolidated cash flow statement should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2009.

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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 2009 | | | | | | | |
| (Unaudited) | | | | | | | |
| At 1 February 2009 | 238,767 | 461,632 | 60,658 | 161,333 | 922,390 | 401,197 | 1,323,587 |
| Net profit for the period | - | - | - | 131,464 | 131,464 | 121,555 | 253,019 |
| Issue of ordinary share pursuant of ESOS | 1,551 | 5,078 | - | - | 6,629 | - | 6,629 |
| Share options granted under ESOS | - | 311 | (311) | - | - | - | - |
| Issue of ordinary share pursuant of exercise of warrants | 15,026 | 38,316 | - | - | 53,342 | - | 53,342 |
| Additional investment in subsidiaries | - | - | - | - | - | (23,809) | (23,809) |
| Foreign currency translation | - | - | (13,697) | - | (13,697) | 4,133 | (9,564) |
| Interim dividend - minority interest | - | - | - | - | - | (122,500) | (122,500) |
| Interim dividend - financial year ending 31 January 2010 | - | - | - | (38,302) | (38,302) | - | (38,302) |
| Final dividend - financial year ended 31 January 2009 | - | - | - | (38,126) | (38,126) | - | (38,126) |
| At 31 October 2009 | 255,344 | 505,337 | 46,650 | 216,369 | 1,023,700 | 380,576 | 1,404,276 |
| 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 |
| Additional investment in a subsidiary | - | - | - | - | - | (4,125) | (4,125) |
| Foreign currency translation | - | - | 14,648 | - | 14,648 | 15,111 | 29,759 |
| Interim dividend - minority interest | - | - | - | - | - | (34,300) | (34,300) |
| Final dividend - 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 |

The condensed consolidated statement of changes in equity should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2009.

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 2009.

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 that have had 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 1,193,833,841 ordinary shares of RM0.20 each to 1,276,722,448 ordinary shares of RM0.20 each by the following:

- i) Issuance of 7,759,624 new ordinary shares of RM0.20 each, pursuant to the exercise of share options under the Company ESOS
- ii) Issuance of 75,128,983 new ordinary shares of RM0.20 each, pursuant to the exercise of warrants

The expiry and final exercise date of the warrants was on 18 February 2009.

Save as disclosed above, there were no issuances, repurchases and repayments of debt and equity securities during the current financial period ended 31 October 2009.

6. Dividends paid

- a) A single tier interim dividend of 2.0 sen per ordinary share, totalling RM23.77 million in respect of the financial year ended 31 January 2009 was paid on 16 February 2009.
- b) A single tier final dividend of 3.0 sen per ordinary share, totalling RM38.13 million in respect of the financial year ended 31 January 2009 was paid on 14 August 2009.

7. Segmental information

| | Revenue | Results |
|--|-------------------------|-----------------------|
| | RM'000 | RM'000 |
| Installation of Pipelines and Facilities | 1,535,617 | 105,093 |
| Drilling | 657,183 | 253,628 |
| Marine Services | 542,491 | (19,140) |
| Operations and Maintenance | 37,276 | 5,904 |
| | | <u>345,485</u> |
| Others (including investment holding and corporate operations) | | |
| Finance costs of debt securities | | (18,656) |
| Share of pre-operating expenses of a JV company | | (5,614) |
| Reserves arising from acquisition of additional interests in subsidiaries | | 11,792 |
| Other investment holding and corporate operations | | (41,464) |
| Consolidated revenue / profit before tax | <u>2,772,567</u> | <u>291,543</u> |

8. Subsequent event

There were no material events subsequent to 31 October 2009 to the date of this announcement.

9. Changes in the composition of the Group

- a) On 28 July 2009 the Company's wholly owned subsidiary, TL GeoSciences Sdn Bhd ("TLGS"), acquired the remaining 30% of the issued and paid up capital of TL Geohydrographics Sdn Bhd ("TLGH") from William Adam Petrie for a total consideration of RM18 million. With the acquisition, TLGH has become a wholly owned subsidiary of TLGS.
- b) On 24 August 2009 a wholly owned subsidiary of TLGS, TL Geotechnics Sdn Bhd ("TLGSB"), completed the acquisition of 60% shareholding in Scomi Oilserve Sdn Bhd ("SOSB") from Scomi Group Berhad for a cash consideration of RM8.2million.

On 30 September 2009 the Company transferred its direct 40% shareholding in SOSB to TLGSB, making SOSB (now known as "TL Oilserve Sdn Bhd") a wholly owned subsidiary of TLGSB.

Save as disclosed above, there were no changes in the composition of the Group for the current quarter and financial period ended 31 October 2009 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 | 90,300 |
| Share of capital commitment in jointly controlled entities | <u>79,484</u> |
| Total | <u>169,784</u> |

12. Taxation

Taxation comprises the following:

| | Current quarter ended 31/10/09 RM'000 | Preceding year Corresponding quarter ended 31/10/08 RM'000 | Current 9 months to 31/10/09 RM'000 | Preceding year Corresponding 9 months to 31/10/08 RM'000 |
|--|---|---|---|---|
| Malaysian Taxation | | | | |
| - current taxation | 11,945 | 6,077 | 31,533 | 15,830 |
| - under/(over) provision in respect of prior year | 3,920 | 557 | 3,930 | 557 |
| - deferred taxation | 165 | 222 | 497 | 665 |
| Foreign Taxation | | | | |
| - current taxation | 588 | 4,551 | 2,564 | 6,933 |
| - under/(over) provision in respect of prior year | <u>-</u> | <u>(24)</u> | <u>-</u> | <u>(24)</u> |
| | <u>16,618</u> | <u>11,383</u> | <u>38,524</u> | <u>23,961</u> |

The effective tax rate of 14% and 13% for the current quarter and current financial period respectively were lower than the statutory tax rate of 25% principally due to lower statutory tax rates for offshore subsidiary companies.

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 2009.

14. Quoted securities

There were no acquisitions and disposals of quoted securities for the current quarter and financial period ended 31 October 2009 and there were no investments in quoted securities as at 31 October 2009.

15. (a) Status of corporate proposals 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 – (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 | 62,579 | By Jan 2011 |
| 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 | 217,579 | |

16. Borrowings

The Group's borrowings as at 31 October 2009 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 | 3,793 | - | 3,793 | 215,801 | 29,000 | 244,801 |
| Foreign Banks | 168,806 | - | 168,806 | 43,545 | 1,255 | 44,800 |
| Debt securities | | | | | | |
| - Istisna' Bonds | 246,195 | - | 246,195 | - | - | - |
| - Murabahah CPs | - | - | - | 98,208 | - | 98,208 |
| | 418,794 | - | 418,794 | 357,554 | 30,255 | 387,809 |

The above includes borrowings in US Dollars equivalent to RM249.4 million and Australian Dollars equivalent to RM2.2 million.

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

The current quarter saw an increase in IPF and marine services activities while lower revenue in the drilling division was due to completion of a contract by a drilling rig, West Setia.

Despite the lower revenue, profit before taxation increased by 7.1% from RM107.9 million in the previous quarter to RM115.5 million principally due to higher contribution from the IPF joint venture company, SapuraAcergy Sdn Bhd, and recognition of adjustments to drilling dayrates. However, the marine services division recorded a loss due to weaker and more competitive market conditions.

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)

Group revenue for the current quarter of RM1.02 billion was marginally lower compared to last year's corresponding third quarter of RM1.05 billion mainly due to lower activities in the IPF and drilling divisions.

Overall the Group's profit before taxation increased by 29.2% from RM89.5 million to RM115.5 million mainly due to a significant turnaround of the IPF joint venture, SapuraAcergy Sdn Bhd, and higher dayrates for the drilling division despite weaker performance from the marine services division, particularly in the offshore soil investigation and survey activities.

Current financial period compared to nine months of the preceding year

Revenue increased by 5.3% from RM2.63 billion in the corresponding nine months last year to RM2.77 billion for the current period, while the Group's profit before taxation for the nine months increased by 39.2% from RM209.4 million to RM291.5 million for the reasons mentioned above.

21. (a) Prospects for the financial year ending 31 January 2010

Barring any unforeseen circumstances, the Directors expect the Group to achieve satisfactory results for the financial year ending 31 January 2010.

(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>31/10/08</u> | <u>9 months to</u> | <u>31/10/08</u> |
| i) Basic | | | | |
| Profit attributable to equity holders of the parent (RM'000) | 53,442 | 36,926 | 131,464 | 89,381 |
| Weighted average number of ordinary shares in issue ('000) | 1,265,730 | 1,177,550 | 1,265,730 | 1,177,550 |
| Basic earnings per share (sen) | 4.22 | 3.14 | 10.39 | 7.59 |
| | | | | |
| | <u>Individual Quarter</u> | | <u>Cumulative Quarter</u> | |
| | <u>3 months to</u> | <u>31/10/08</u> | <u>9 months to</u> | <u>31/10/08</u> |
| ii) Diluted | | | | |
| Profit attributable to equity holders of the parent (RM'000) | 53,442 | 36,926 | 131,464 | 89,381 |
| Weighted average number of ordinary shares in issue ('000) | 1,265,730 | 1,177,550 | 1,265,730 | 1,177,550 |
| Dilution due to exercise of ESOS and warrants ('000) | - | 107,100 | - | 107,100 |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | 1,265,730 | 1,284,650 | 1,265,730 | 1,284,650 |
| Diluted earnings per share (sen) | 4.22 | 2.87 | 10.39 | 6.96 |

Selangor
29 December 2009

By Order of the Board

Finton Tuan Kit Ming
Poh Phei Ling

Company Secretaries