

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2010**

**THE FIGURES HAVE NOT BEEN AUDITED**

**I. CONDENSED CONSOLIDATED INCOME STATEMENT**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	Current year quarter <b>31/01/2010</b> RM'000	Preceding year corresponding quarter <b>31/01/2009</b> RM'000	Twelve months to <b>31/01/2010</b> RM'000	Twelve months to <b>31/01/2009</b> RM'000
<b>1. Revenue</b>	<b>484,685</b>	<b>817,697</b>	<b>3,257,252</b>	<b>3,451,702</b>
Operating expenses	(435,613)	(715,195)	(2,918,216)	(3,080,518)
Other income	7,246	3,647	23,418	13,256
Profit from operations	56,318	106,149	362,454	384,440
Finance cost	(10,898)	(14,963)	(45,186)	(57,784)
Share of results of associated companies and jointly controlled entities	45,420	91,186	317,268	326,656
	27,461	(18,997)	47,156	(45,096)
<b>Profit before taxation</b>	<b>72,881</b>	<b>72,189</b>	<b>364,424</b>	<b>281,560</b>
Taxation	7,328	(7,829)	(31,196)	(31,790)
<b>Profit for the period/year</b>	<b>80,209</b>	<b>64,360</b>	<b>333,228</b>	<b>249,770</b>
Attributable to :				
Equity holders of the parent	38,768	26,393	170,232	115,774
Minority interests	41,441	37,967	162,996	133,996
	<b>80,209</b>	<b>64,360</b>	<b>333,228</b>	<b>249,770</b>
<b>2. Earnings per share (sen)</b>				
Basic	<b>3.06</b>	<b>2.24</b>	<b>13.45</b>	<b>9.83</b>
Diluted	<b>3.06</b>	<b>2.08</b>	<b>13.45</b>	<b>9.13</b>

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**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	As at end of current quarter	As at preceding financial year end
	<b>31/01/2010</b>	<b>31/01/2009</b>
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	900,283	903,559
Investment in jointly controlled entities and associated companies	192,484	105,508
Intangible assets	149,314	149,515
Deferred tax assets	18,085	11,001
	1,260,166	1,169,583
<b>Current assets</b>		
Inventories	54,296	50,023
Trade & other receivables	1,162,293	1,718,238
Cash and bank balances	875,988	593,538
	2,092,577	2,361,799
<b>TOTAL ASSETS</b>	<b>3,352,743</b>	<b>3,531,382</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	255,344	238,767
Share premium	505,337	461,632
Other reserves	45,456	60,658
Retained profit	255,137	161,333
	1,061,274	922,390
<b>Minority interests</b>	396,881	401,197
<b>Total equity</b>	1,458,155	1,323,587
<b>Non-current liabilities</b>		
Borrowings	405,312	454,307
Deferred taxation	11,144	8,583
	416,456	462,890
<b>Current liabilities</b>		
Trade & other payables	1,172,102	1,252,695
Borrowings	297,596	477,725
Taxation	8,434	14,485
	1,478,132	1,744,905
<b>TOTAL LIABILITIES</b>	1,894,588	2,207,795
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,352,743</b>	<b>3,531,382</b>
<b>Net assets per share (RM)</b>	<b>0.83</b>	<b>0.77</b>

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**

	<b>Unaudited</b>	<b>Audited</b>
	<b>Twelve months</b>	<b>Twelve months</b>
	<b>to</b>	<b>to</b>
	<b>31/01/2010</b>	<b>31/01/2009</b>
	RM'000	RM'000
Profit before taxation	364,424	281,560
Adjustment for non-cash items	84,680	200,281
Operating profit before working capital changes	449,104	481,841
Net change in current assets	566,950	(335,181)
Net change in current liabilities	(87,406)	392,547
	928,648	539,207
Non-operating items	(98,889)	(96,902)
Net cash generated from operating activities	829,759	442,305
Net cash used in investing activities	(256,070)	(83,108)
Net cash used in financing activities	(277,062)	(127,535)
Net changes in Cash and Cash Equivalent	296,627	231,662
Effect of exchange rate translation	(11,023)	4,513
Cash and Cash Equivalents at beginning of year	590,384	354,209
Cash and Cash Equivalents at end of year	875,988	590,384
Bank overdrafts	-	3,154
Cash and bank balances	875,988	593,538

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
<b>Twelve months to 31 January 2010 (Unaudited)</b>							
At 1 February 2009	238,767	461,632	60,658	161,333	922,390	401,197	1,323,587
Net profit for the year	-	-	-	170,232	170,232	162,996	333,228
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	-	-	-	-	-	(23,401)	(23,401)
Foreign currency translation	-	-	(14,891)	-	(14,891)	(21,411)	(36,302)
Interim dividend - minority interest	-	-	-	-	-	(122,500)	(122,500)
Interim dividend - financial year ended 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 January 2010	255,344	505,337	45,456	255,137	1,061,274	396,881	1,458,155
<b>Twelve months to 31 January 2009 (Audited)</b>							
At 1 February 2008	233,670	448,104	27,875	86,824	796,473	272,165	1,068,638
Net profit for the year	-	-	-	115,774	115,774	133,996	249,770
Issue of ordinary share pursuant of ESOS	495	1,460	-	-	1,955	-	1,955
Share options granted under ESOS	-	332	(332)	-	-	-	-
Issue of ordinary share pursuant of exercise of warrants	4,602	11,736	-	-	16,338	-	16,338
Additional investment in a subsidiary	-	-	-	-	-	(4,125)	(4,125)
Foreign currency translation	-	-	33,115	-	33,115	33,461	66,576
Interim dividend - minority interest	-	-	-	-	-	(34,300)	(34,300)
Final dividend - financial year ended 31 January 2008	-	-	-	(41,265)	(41,265)	-	(41,265)
At 31 January 2009	238,767	461,632	60,658	161,333	922,390	401,197	1,323,587

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

### **4. Changes in estimates**

There were no changes in estimates that have had material effect in the current quarter and financial year under review.

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

During the current financial year 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 year ended 31 January 2010.

## 6. Dividends paid

- a) A single tier interim dividend of 2 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 sen per ordinary share, totalling RM38.13 million in respect of the financial year ended 31 January 2009 was paid on 14 August 2009.
- c) A single tier interim dividend of 3 sen per ordinary share, totalling RM38.30 million in respect of the financial year ended 31 January 2010 was paid on 9 November 2009.

## 7. Segmental information

	<u>12 months to 31/01/10</u>	
	<b>Segment Revenue</b>	<b>Segment Results</b>
	RM'000	RM'000
Installation of Pipelines and Facilities	1,714,289	158,656
Drilling	844,286	337,127
Marine Services	646,106	(62,850)
Operations and Maintenance	52,571	9,304
		<u>442,237</u>
Others (including investment holding and corporate operations)		
Finance costs of debt securities		(25,131)
Share of pre-operating expenses of a JV company		(4,166)
Reserves arising from acquisition of additional interests in subsidiaries		11,792
Other investment holding and corporate operations		(60,308)
<b>Consolidated revenue / profit before tax</b>	<b><u>3,257,252</u></b>	<b><u>364,424</u></b>

## 8. Subsequent event

There were no material events subsequent to 31 January 2010 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 year ended 31 January 2010 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	95,617
Share of capital commitment in jointly controlled entities	<u>47,661</u>
Total	<u>143,278</u>

#### 12. Taxation

Taxation comprises the following:

	Current quarter ended <b>31/01/10</b> RM'000	Preceding year Corresponding quarter ended <b>31/01/09</b> RM'000	Current 12 months to <b>31/01/10</b> RM'000	Preceding year Corresponding 12 months to <b>31/01/09</b> RM'000
Malaysian Taxation				
- current taxation	6,990	20,118	38,523	35,948
- under/(over) provision in respect of prior year	(7,920)	(4,870)	(3,990)	(4,313)
- deferred taxation	(11,371)	(9,738)	(10,874)	(9,073)
Foreign Taxation				
- current taxation	5,659	3,863	8,223	10,796
- under/(over) provision in respect of prior year	<u>(686)</u>	<u>(1,544)</u>	<u>(686)</u>	<u>(1,568)</u>
	<u>(7,328)</u>	<u>7,829</u>	<u>31,196</u>	<u>31,790</u>

The effective tax rate for the current financial year, derived at 8.6%, is lower than the statutory tax rate of 25% principally due to lower tax rates for offshore subsidiary companies and over provision of tax in the previous year.

**13. Disposal of unquoted investments and/or properties**

There were no disposal of unquoted investments and/or properties during the current quarter and financial year ended 31 January 2010.

**14. Quoted securities**

There were no acquisitions and disposals of quoted securities for the current quarter and financial year ended 31 January 2010 and there were no investments in quoted securities as at 31 January 2010.

**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	68,118	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	-
<b>Total</b>	<b>245,000</b>	<b>223,118</b>	



## 16. Borrowings

The Group's borrowings as at 31 January 2010 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	3,455	-	3,455	122,401	34,605	157,006
Foreign Banks	155,408	-	155,408	41,115	877	41,992
Debt securities						
- Istisna' Bonds	246,449	-	246,449	-	-	-
- Murabahah CPs	-	-	-	98,598	-	98,598
	405,312	-	405,312	262,114	35,482	297,596

The above includes borrowings in US Dollars equivalent to RM208 million and Australian Dollars equivalent to RM1.5 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 Group registered a decrease in revenue of 52.7% from RM1.02 billion in the previous quarter to RM484.7 million mainly due to lower activities in the Installation of Pipeline and Facilities ("IPF"), marine services and drilling divisions.

Correspondingly, profit before taxation decreased by 36.9% from RM115.5 million in the previous quarter to RM72.9 million mainly due to lower contribution from the IPF and drilling divisions, and losses in the marine services division.

**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 RM484.7 million was 40.7% lower compared to last year's corresponding fourth quarter of RM817.7 million mainly due to lower activities in the IPF, drilling and marine services divisions.

The Group however, registered a marginally higher profit before taxation of RM72.9 million compared to RM72.2 million in the last year's corresponding fourth quarter principally due to favourable results in IPF including the significant turnaround of the IPF joint venture, SapuraAcergy Sdn Bhd, and higher dayrates for the drilling division.

*Current financial year compared to twelve months of the preceding year*

Revenue decreased by 5.6% from RM3.45 billion in the preceding year to RM3.26 billion for the current year. However, the overall Group's profit before taxation increased by 29.4% from RM281.6 million to RM364.4 million for the same reasons mentioned above.

**21. (a) Prospects for the financial year ending 31 January 2011**

Barring any unforeseen circumstances, the Directors expect the Group to achieve satisfactory results for the financial year ending 31 January 2011.

**(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. Variance of actual profit and forecast/shortfall in profit guarantee**

The Company has not provided any forecast or profit guarantee in any previous announcement or public document.

## 23. Dividend

The Board recommends a single tier final dividend of 4 sen per share for the financial year ended 31 January 2010 for shareholders' approval at the forthcoming Annual General Meeting of the Company, which will be paid on a date to be determined.

A single tier interim dividend of 3 sen per share had been paid on 9 November 2009. Therefore, the total dividend for the current financial year ended 31 January 2010 would be 7 sen per share.

## 24. Earnings per share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months to</u>		<u>12 months to</u>	
<b>i) Basic</b>	<b>31/01/10</b>	<b>31/01/09</b>	<b>31/01/10</b>	<b>31/01/09</b>
Profit attributable to equity holders of the parent (RM'000)	38,768	26,393	170,232	115,774
Weighted average number of ordinary shares in issue ('000)	1,265,730	1,177,721	1,265,730	1,177,721
Basic earnings per share (sen)	<u>3.06</u>	<u>2.24</u>	<u>13.45</u>	<u>9.83</u>
	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months to</u>		<u>12 months to</u>	
<b>ii) Diluted</b>	<b>31/01/10</b>	<b>31/01/09</b>	<b>31/01/10</b>	<b>31/01/09</b>
Profit attributable to equity holders of the parent (RM'000)	38,768	26,393	170,232	115,774
Weighted average number of ordinary shares in issue ('000)	1,265,730	1,177,721	1,265,730	1,177,721
Dilution due to exercise of ESOS and warrants ('000)	<u>-</u>	<u>90,847</u>	<u>-</u>	<u>90,847</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,265,730	1,268,568	1,265,730	1,268,568
Diluted earnings per share (sen)	<u>3.06</u>	<u>2.08</u>	<u>13.45</u>	<u>9.13</u>

**By Order of the Board**

Selangor  
24 March 2010

Finton Tuan Kit Ming  
Poh Phei Ling

Company Secretaries