

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 OCTOBER 2010**

**THE FIGURES HAVE NOT BEEN AUDITED**

**I. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	Current year quarter <b>31/10/2010</b> RM'000	Preceding year corresponding quarter <b>31/10/2009</b> RM'000	Nine months to <b>31/10/2010</b> RM'000	Nine months to <b>31/10/2009</b> RM'000
<b>1. Revenue</b>	<b>1,015,145</b>	<b>1,024,811</b>	<b>2,583,617</b>	<b>2,772,567</b>
Operating expenses	(961,277)	(921,962)	(2,333,912)	(2,482,603)
Other income	4,917	8,608	12,165	16,172
Profit from operations	58,785	111,457	261,870	306,136
Finance cost	(9,666)	(11,189)	(25,840)	(34,288)
Share of results of associated companies and jointly controlled entities	49,119	100,268	236,030	271,848
	50,953	15,280	75,510	19,695
<b>Profit before taxation</b>	<b>100,072</b>	<b>115,548</b>	<b>311,540</b>	<b>291,543</b>
Taxation	(7,899)	(16,618)	(33,067)	(38,524)
<b>Profit for the period</b>	<b>92,173</b>	<b>98,930</b>	<b>278,473</b>	<b>253,019</b>
Attributable to :				
Owners of the Parent	54,837	53,442	158,773	131,464
Minority interests	37,336	45,488	119,700	121,555
	<b>92,173</b>	<b>98,930</b>	<b>278,473</b>	<b>253,019</b>
<b>2. Earnings per share (sen)</b>				
Basic	<b>4.30</b>	<b>4.22</b>	<b>12.44</b>	<b>10.39</b>
Diluted	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

N/A - Not Applicable

The condensed consolidated statement of comprehensive income should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2010.

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**II. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	Current year quarter  <b>31/10/2010</b> RM'000	Preceding year corresponding quarter  <b>31/10/2009</b> RM'000	Nine months to  <b>31/10/2010</b> RM'000	Nine months to  <b>31/10/2009</b> RM'000
Profit for the period	<b>92,173</b>	<b>98,930</b>	<b>278,473</b>	<b>253,019</b>
Foreign currency translation differences	(34,287)	(9,689)	(73,358)	(14,947)
Total comprehensive income	<u>57,886</u>	<u>89,241</u>	<u>205,115</u>	<u>238,072</u>
Attributable to :				
Owners of the Parent	37,966	35,253	115,376	112,456
Minority interests	19,920	53,988	89,739	125,616
	<u>57,886</u>	<u>89,241</u>	<u>205,115</u>	<u>238,072</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2010.

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**III. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	As at end of current quarter	As at preceding financial year end
	<b>31/10/2010</b>	<b>31/01/2010</b>
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	904,565	900,456
Investment in jointly controlled entities and associated companies	229,443	192,107
Intangible assets	149,163	149,314
Deferred tax assets	12,541	14,675
	<u>1,295,712</u>	<u>1,256,552</u>
<b>Current assets</b>		
Inventories	72,862	54,276
Trade & other receivables	1,868,912	1,163,182
Derivative financial assets	545	-
Cash and bank balances	691,142	875,251
	<u>2,633,461</u>	<u>2,092,709</u>
<b>TOTAL ASSETS</b>	<b><u>3,929,173</u></b>	<b><u>3,349,261</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Parent</b>		
Share capital	255,344	255,344
Share premium	505,337	505,337
Other reserves	2,163	45,560
Retained profit	283,424	256,976
	<u>1,046,268</u>	<u>1,063,217</u>
<b>Minority interests</b>	<u>403,542</u>	<u>397,103</u>
<b>Total equity</b>	<u>1,449,810</u>	<u>1,460,320</u>
<b>Non-current liabilities</b>		
Borrowings	361,855	405,311
Derivative financial liabilities	3,197	-
Deferred taxation	8,157	10,509
	<u>373,209</u>	<u>415,820</u>
<b>Current liabilities</b>		
Trade & other payables	1,845,725	1,170,240
Borrowings	252,901	297,597
Derivative financial liabilities	1,700	-
Taxation	5,828	5,284
	<u>2,106,154</u>	<u>1,473,121</u>
<b>TOTAL LIABILITIES</b>	<u>2,479,363</u>	<u>1,888,941</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>3,929,173</u></b>	<b><u>3,349,261</u></b>
<b>Net assets per share (RM)</b>	<b><u>0.82</u></b>	<b><u>0.83</u></b>

The condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2010.

**SAPURACREST PETROLEUM BERHAD**  
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**IV. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Unaudited Nine months to 31/10/2010 RM'000</b>	<b>Unaudited Nine months to 31/10/2009 RM'000</b>
Profit before taxation	311,540	291,543
Adjustment for non-cash items	35,462	76,098
Operating profit before working capital changes	347,002	367,641
Net change in current assets	(774,682)	(172,217)
Net change in current liabilities	670,374	407,445
	242,694	602,869
Non-operating items	(63,699)	(92,029)
Net cash generated from operating activities	178,995	510,840
Net cash used in investing activities	(207,998)	(214,258)
Net cash used in financing activities	(122,916)	(126,708)
Net changes in Cash and Cash Equivalents	(151,919)	169,874
Effect of exchange rate translation	(32,190)	(6,123)
Cash and Cash Equivalents at beginning of year	875,251	590,384
Cash and Cash Equivalents at end of period	691,142	754,135

The condensed consolidated statement of cash flows should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2010.

**SAPURACREST PETROLEUM BERHAD**  
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**V. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to Owners of the Parent				Minority	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>Nine months to 31 October 2010</b>							
<b>(Unaudited)</b>							
At 1 February 2010	255,344	505,337	45,560	256,976	1,063,217	397,103	1,460,320
Effects of adopting FRS139	-	-	-	(42,954)	(42,954)	-	(42,954)
	<u>255,344</u>	<u>505,337</u>	<u>45,560</u>	<u>214,022</u>	<u>1,020,263</u>	<u>397,103</u>	<u>1,417,366</u>
Total comprehensive income for the period	-	-	(43,397)	158,773	115,376	89,739	205,115
Interim dividend	-	-	-	(38,302)	(38,302)	-	(38,302)
Final dividend	-	-	-	(51,069)	(51,069)	-	(51,069)
Dividend to minority interest of a subsidiary	-	-	-	-	-	(83,300)	(83,300)
At 31 October 2010	<u>255,344</u>	<u>505,337</u>	<u>2,163</u>	<u>283,424</u>	<u>1,046,268</u>	<u>403,542</u>	<u>1,449,810</u>
<b>Nine months to 31 October 2009</b>							
<b>(Unaudited)</b>							
At 1 February 2009	238,767	461,632	60,658	161,333	922,390	401,197	1,323,587
Total comprehensive income for the period	-	-	(19,008)	131,464	112,456	125,616	238,072
Issue of ordinary share pursuant to ESOS	1,551	5,078	-	-	6,629	-	6,629
Share options granted under ESOS	-	311	(311)	-	-	-	-
Issue of ordinary share pursuant to exercise of warrants	15,026	38,316	-	-	53,342	-	53,342
Additional investment in subsidiary	-	-	-	-	-	(23,810)	(23,810)
Effect arising from the acquisition of the remaining shares in an associate	-	-	5,311	-	5,311	-	5,311
Increase in share capital of a subsidiary	-	-	-	-	-	73	73
Interim dividend	-	-	-	(38,302)	(38,302)	-	(38,302)
Final dividend	-	-	-	(38,126)	(38,126)	-	(38,126)
Dividend to minority interest of a subsidiary	-	-	-	-	-	(122,500)	(122,500)
At 31 October 2009	<u>255,344</u>	<u>505,337</u>	<u>46,650</u>	<u>216,369</u>	<u>1,023,700</u>	<u>380,576</u>	<u>1,404,276</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 2010.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Basis of preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with FRS134, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements for the financial year ended 31 January 2010.

The accounting policies and methods of computation adopted for the unaudited condensed consolidated financial statements are consistent with those of the audited annual financial statements for the financial year ended 31 January 2010, other than for the compliance with the new/revised Financial Reporting Standards (FRS) that came into effect during the financial year under review.

### 2. Changes in accounting policies

Other than for the application of FRS101 (revised) and FRS139 as described below, the application of the new/revised FRS that came into effect during the financial year under review did not result in any significant changes in the accounting policies and presentation of the financial statements of the Group.

#### (a) FRS101: Presentation of Financial Statements (revised)

The revised FRS101 separates owner and non-owner changes in equity. The consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity are presented in the statement of comprehensive income and as a single line in the statement of changes in equity. This standard does not have any impact on the financial position and results of the Group.

#### (b) FRS139: Financial Instruments – Recognition and Measurement

FRS139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the first adoption of the standard, as at transitional date on 1 February 2010.

#### **Financial assets**

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments (HTM) and available-for-sale (AFS) financial assets.

The Group's financial assets include cash and short term deposits, loans and receivables and there are no HTM and AFS financial assets. Prior to 1 February 2010, loans or receivables were stated at gross receivables less provision for doubtful debts. Under FRS139, loans and receivables are initially measured at fair value and subsequently at amortised costs using the effective interest rate method (EIR). Gain or losses arising from the derecognition of the loans and receivables, EIR amortization and impairment losses are recognized in the income statement.

### **Financial liabilities**

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group's financial liabilities include trade and other payables are carried at amortised costs.

### **Impact on opening balances**

In accordance with the transitional provisions of FRS139, the above changes are applied prospectively and the comparatives as at 31 January 2010 are not restated. Instead, the changes have been accounted for by restating the opening balances, the effects of which are as follows:

	<b>As at 1/2/2010 RM'000</b>
Decrease in Investment in jointly controlled entities	(38,431)
Decrease in Trade & other payables	7,289
Increase in Derivative financial liabilities	(11,812)
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Decrease in Retained earnings	(42,954)
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In addition, the changes in the accounting policies have the effect of increasing the profit before tax for the current financial period by RM1.1 million.

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

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

### **4. Unusual items due to their nature, size and incidence**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows for the current financial period.

### **5. Changes in estimates**

There were no changes in estimates that have had a material effect in the current financial period.

**6. Debts and equity securities**

There was no issuance, repurchase and repayment of debt and equity securities during the current financial period.

**7. Dividend paid**

A single tier final dividend of 4.0 sen per ordinary share, totalling RM51.07 million in respect of the financial year ended 31 January 2010 was paid on 16 August 2010.

**8. Segment information**

	<b>9 months to 31/10/10</b>	
	<b>Segment Revenue</b>	<b>Segment Results</b>
	RM'000	RM'000
Installation of Pipelines and Facilities	1,622,751	166,217
Drilling	617,982	255,204
Marine Services	314,314	(51,800)
Operations and Maintenance	28,570	1,593
		<u>371,214</u>
Others		
Finance costs of debt securities		(18,567)
Investment holding and others		(41,107)
<b>Consolidated revenue / profit before tax</b>	<b><u>2,583,617</u></b>	<b><u>311,540</u></b>

**9. Subsequent event**

There were no material events subsequent to the end of the current financial period.

**10. Changes in the composition of the Group**

On 15 June 2010, the Company acquired the entire issued share of Energy Way Sdn Bhd ("Energy Way") comprising two shares of RM1.00 each.

On 17 June 2010, Energy Way subscribed for the entire issued and paid up capital of Nautical Bay Pte Ltd comprising two shares of SGD1.00 each. Subsequently, Nautical Bay Pte Ltd subscribed for the entire issued and paid up capital of Nautical Power Pte Ltd comprising two shares of SGD1.00 each.

Save as disclosed above, there were no changes in the composition of the Group during the current financial period.

**11. Contingent liabilities**

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



## 12. Capital commitments

Approved and contracted for:	RM'000
Group	49,932
Share of capital commitment in jointly controlled entities	<u>16,218</u>
Total	<u>66,150</u>

## 13. Taxation

Taxation comprises the following:

	Current quarter ended <b>31/10/10</b> RM'000	Preceding year Corresponding quarter ended <b>31/10/09</b> RM'000	Current 9 months to <b>31/10/10</b> RM'000	Preceding year Corresponding 9 months to <b>31/10/09</b> RM'000
Malaysian Taxation				
- current taxation	9,714	11,945	32,104	31,533
- under/(over) provision in respect of prior year	(3,510)	3,920	(3,334)	3,930
- deferred taxation	271	165	815	497
- under/(over) provision in respect of prior year	-	-	(277)	-
Foreign Taxation				
- current taxation	1,424	588	3,759	2,564
	<u>7,899</u>	<u>16,618</u>	<u>33,067</u>	<u>38,524</u>

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

## 14. Disposal of unquoted investments and/or properties

There was no disposal of unquoted investments and/or properties during the current financial period.

## 15. Quoted securities

There was no acquisition and disposal of quoted securities.

**16. (a) Status of corporate proposals announced but not completed**

On 1 June 2010, the Company had via its wholly owned subsidiary, SapuraCrest Ventures Sdn Bhd (formerly known as Petro-Plus Sdn Bhd) entered into a Joint Venture Agreement with Al Rayan Investment LLC (“ARI”) to set up a joint venture company in Qatar to identify, pursue and undertake opportunities in the oil and gas industry in the State of Qatar.

Subsequently on 1 September 2010, a joint venture company, SapuraCrest Qatar (LLC) has been incorporated with SapuraCrest Ventures Sdn Bhd and ARI holding 49% and 51% in its issued shares respectively.

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**

Istisna’ Bonds Proceeds

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	79,342	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>	245,000	234,342	

## 17. Borrowings

The Group's borrowings as at 31 October 2010 are as follows:

	<u>Long term borrowings</u>			<u>Short term borrowings</u>			<u>Total</u>
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000	RM'000
Domestic Banks	1,495	-	1,495	83,187	31,934	115,121	116,616
Foreign Banks	113,149	-	113,149	38,329	1,209	39,538	152,687
Debt securities							
- Istisna' Bonds	247,211	-	247,211	-	-	-	247,211
- Murabahah CPs	-	-	-	98,242	-	98,242	98,242
	<u>361,855</u>	<u>-</u>	<u>361,855</u>	<u>219,758</u>	<u>33,143</u>	<u>252,901</u>	<u>614,756</u>

The above includes borrowings in US Dollars equivalent to RM150.64 million and Australian Dollars equivalent to RM2.05 million.

## 18. Derivative financial instrument

Details of the Group's derivative financial instruments outstanding as at 31 October 2010 are as follows:

	Contract /Notional Amount at 31 July 2010 RM'mil	Asset/ (Liability) Fair Value RM'mil
Cross Currency Interest Rate Swap (CCIRS)	245.0	
- Less than 1 year		(1.7)
- 1 year to 3 years		(2.4)
- More than 3 years		(0.8)
	<u>245.0</u>	<u>(4.9)</u>
Forward foreign currency contracts		
- Less than 1 year	31.6	0.5
	<u>31.6</u>	<u>0.5</u>

In the current financial period, the Group entered into forward foreign currency contracts to manage the exposure to foreign exchange risk when it enters into transactions that are not denominated in their functional currencies.

There is no change in respect of the following since the last financial year ended 31 January 2010:

- i. the credit risk, market risk and liquidity risk associated with the derivatives;
- ii. the cash requirements of the derivatives; and
- iii. the policy in place for mitigating or controlling the risks associated with these financial derivatives.

The related accounting policies for the financial derivatives are disclosed in Note 2 above.

The gain/loss arising from fair value changes of financial liabilities is as follows:

<u>Type of financial liability</u>	<u>Current quarter RM'mil</u>	<u>Year to date RM'mil</u>	<u>Basis of fair value measurement</u>	<u>Reasons for gain/losses</u>
CCIRS	1.2	5.2	The fair value is computed using a valuation technique which utilises data from recognised financial information sources including rates from relevant yield curves.	The USD/MYR foreign exchange rate has moved in favour of the Group since the last measurement date.

**19. Material litigation**

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

**20. Review of performance compared to the immediate preceding quarter**

Revenue increased from RM898.1 million in the preceding quarter to RM1.015 billion mainly due to higher revenue from the Installation of Pipeline and Facilities ("IPF") division.

Profit before tax however decreased from RM112.8 million in the second quarter to RM100.1 million in the current quarter mainly due to lower contribution from drilling and lower activities in the marine services division.

**21. Review of performance for the current quarter to date**

*Current quarter compared to the corresponding quarter of the preceding year (3 months)*

Revenue for the current quarter of RM1.015 billion was marginally lower compared to last year's corresponding quarter of RM1.024 billion mainly due to lower activities in the marine services division, mitigated by higher activities in IPF.

Profit before tax decreased from RM115.5 million to RM100.1 million mainly due to a weaker USD affecting drilling division's financial performance and the lower activities in marine services division.

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

Revenue decreased from RM2.773 billion in the preceding year to RM2.584 billion for the current financial period mainly due to lower activities in the drilling and marine services division.

However, the Group's profit before tax increased from RM291.5 million to RM311.5 million mainly due to higher contribution from the IPF division and lower finance costs.

**22. (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.

**23. Dividend**

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

**24. Earnings per share**

<b>Basic</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months to</b>		<b>9 months to</b>	
	<b>31/10/10</b>	<b>31/10/09</b>	<b>31/10/10</b>	<b>31/10/09</b>
Profit attributable to owners of the parent (RM'000)	54,837	53,442	158,773	131,464
Weighted average number of ordinary shares in issue ('000)	1,276,722	1,265,730	1,276,722	1,265,730
Basic earnings per share (sen)	<u>4.30</u>	<u>4.22</u>	<u>12.44</u>	<u>10.39</u>

Selangor  
10 December 2010

**By Order of the Board**

Finton Tuan Kit Ming  
Poh Phei Ling

Company Secretaries