

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 OCTOBER 2011

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/10/2011 RM'000	Preceding year corresponding quarter 31/10/2010 RM'000	Nine months to 31/10/2011 RM'000	Nine months to 31/10/2010 RM'000
1. Revenue	745,757	1,015,145	1,995,968	2,583,617
Operating expenses	(612,737)	(961,277)	(1,628,957)	(2,333,912)
Other income	477	4,917	14,593	12,165
Profit from operations	133,497	58,785	381,604	261,870
Finance cost	(11,531)	(9,666)	(37,155)	(25,840)
Share of results of associated companies and jointly controlled entities	121,966	49,119	344,449	236,030
	14,434	50,953	52,746	75,510
Profit before taxation	136,400	100,072	397,195	311,540
Taxation	(16,912)	(7,899)	(57,395)	(33,067)
Profit for the period	119,488	92,173	339,800	278,473
Attributable to :				
Owners of the Parent	83,135	54,837	233,712	158,773
Non controlling interests	36,353	37,336	106,088	119,700
	119,488	92,173	339,800	278,473
2. Earnings per share (sen)				
Basic/Diluted	6.51	4.30	18.31	12.44

The condensed consolidated income statement should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2011.

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II. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Nine months to 31/10/2011	Nine months to 31/10/2010
	31/10/2011	31/10/2010	31/10/2011	31/10/2010
	RM'000	RM'000	RM'000	RM'000
Profit for the period	119,488	92,173	339,800	278,473
Other comprehensive income:				
Foreign currency translation differences	52,572	(34,287)	24,808	(73,358)
Share of other comprehensive income of jointly controlled entities	(2,162)	-	(672)	-
Total comprehensive income	<u>169,898</u>	<u>57,886</u>	<u>363,936</u>	<u>205,115</u>
Attributable to :				
Owners of the Parent	117,147	37,966	249,829	115,376
Non controlling interests	52,751	19,920	114,107	89,739
	<u>169,898</u>	<u>57,886</u>	<u>363,936</u>	<u>205,115</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2011.

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III. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	As at end of current quarter	As at preceding financial year end
	31/10/2011	31/01/2011
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,065,013	1,019,148
Investment in jointly controlled entities and associated companies	268,839	229,493
Intangible assets	237,022	154,688
Deferred tax assets	8,458	9,093
	<u>1,579,332</u>	<u>1,412,422</u>
Current assets		
Inventories	79,908	54,787
Trade & other receivables	1,475,677	1,403,017
Derivative financial assets	-	985
Cash and bank balances	646,408	768,381
	<u>2,201,993</u>	<u>2,227,170</u>
TOTAL ASSETS	<u>3,781,325</u>	<u>3,639,592</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	255,344	255,344
Share premium	505,337	505,337
Other reserves	(21,741)	(37,858)
Retained profits	536,461	372,969
	<u>1,275,401</u>	<u>1,095,792</u>
Non controlling interests	<u>344,175</u>	<u>325,618</u>
Total equity	<u>1,619,576</u>	<u>1,421,410</u>
Non-current liabilities		
Borrowings	603,071	402,252
Derivative financial liabilities	1,897	2,322
Deferred taxation	4,698	6,758
	<u>609,666</u>	<u>411,332</u>
Current liabilities		
Trade & other payables	1,325,392	1,385,952
Borrowings	194,924	414,419
Derivative financial liabilities	1,118	1,235
Taxation	30,649	5,244
	<u>1,552,083</u>	<u>1,806,850</u>
TOTAL LIABILITIES	<u>2,161,749</u>	<u>2,218,182</u>
TOTAL EQUITY AND LIABILITIES	<u>3,781,325</u>	<u>3,639,592</u>
Net assets per share (RM)	<u>1.00</u>	<u>0.86</u>

The condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2011.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Nine months to 31/10/2011 RM'000	Unaudited Nine months to 31/10/2010 RM'000
Profit before taxation	397,195	311,540
Adjustment for non-cash items	38,636	35,462
Operating profit before working capital changes	<u>435,831</u>	<u>347,002</u>
Changes in working capital	(156,269)	(104,308)
Cash generated from operations	<u>279,562</u>	<u>242,694</u>
Non-operating items	(57,696)	(63,699)
Net cash generated from operating activities	221,866	178,995
Net cash used in investing activities	(208,435)	(207,998)
Net cash used in financing activities	<u>(130,579)</u>	<u>(122,916)</u>
Net changes in Cash and Cash Equivalents	(117,148)	(151,919)
Effect of exchange rate translation	(4,825)	(32,190)
Cash and Cash Equivalents at beginning of year	<u>768,381</u>	<u>875,251</u>
Cash and Cash Equivalents at end of period	<u><u>646,408</u></u>	<u><u>691,142</u></u>

The condensed consolidated statement of cash flows should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2011.

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V. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Parent				Total	Non	Total Equity
	Share Capital	Share Premium	Other Reserves	Retained profits		Controlling Interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Nine months to 31 October 2011							
(Unaudited)							
At 1 February 2011	255,344	505,337	(37,858)	372,969	1,095,792	325,618	1,421,410
Total comprehensive income	-	-	16,117	233,712	249,829	114,107	363,936
Dividend	-	-	-	(70,220)	(70,220)	-	(70,220)
Dividend to non controlling interest of a subsidiary	-	-	-	-	-	(95,550)	(95,550)
At 31 October 2011	255,344	505,337	(21,741)	536,461	1,275,401	344,175	1,619,576
Nine months to 31 October 2010							
(Unaudited)							
At 1 February 2010	255,344	505,337	45,560	214,022	1,020,263	397,103	1,417,366
Total comprehensive income	-	-	(43,397)	158,773	115,376	89,739	205,115
Dividend	-	-	-	(89,371)	(89,371)	-	(89,371)
Dividend to non controlling interest of a subsidiary	-	-	-	-	-	(83,300)	(83,300)
At 31 October 2010	255,344	505,337	2,163	283,424	1,046,268	403,542	1,449,810

The condensed consolidated statement of changes in equity should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2011.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation and changes in significant accounting policies

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 2011.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 January 2011 except for the adoption of the new/revised FRSs, Amendments to FRS and IC Interpretations effective for financial period beginning 1 February 2011. The new/revised FRSs, Amendments to FRS and IC Interpretations which are mandatory for annual financial period beginning on or after 1 February 2011 do not give rise to any significant effects on the unaudited condensed consolidated financial statements.

2. Seasonality and cyclical nature of operations

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

3. 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.

4. Changes in estimates

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

5. Debts and equity securities

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

6. Dividend paid

A single tier final dividend of 5.5 sen per ordinary share, totalling RM70.22 million in respect of the financial year ended 31 January 2011 was paid on 15 August 2011.

7. Segment information

	9 months to 31/10/11	
	Segment Revenue	Segment Results
	RM'000	RM'000
Installation of Pipelines and Facilities	1,144,669	246,672
Drilling	520,713	213,687
Marine Services	279,441	25,968
Operations and Maintenance	51,145	6,214
		<u>492,541</u>
Others		
Finance costs of debt securities		(17,412)
Investment holding and others		(77,934)
Consolidated revenue / profit before tax	<u>1,995,968</u>	<u>397,195</u>

8. Subsequent event

- (a) On 11 July 2011, the Board of Directors of the Company received a letter from Integral Key Sdn Bhd ("IKSB") which sets out IKSB's offer to acquire the entire business of the Company including all its assets and liabilities as at the completion date ("SapuraCrest Business") for a total consideration of RM5,872,923,260, equivalent to RM4.60 per ordinary share of RM0.20 each in the issued and paid-up share capital of the Company, multiplied by 1,276,722,448 shares issued as at 8 July 2011 ("Merger Consideration").

The Merger Consideration shall be satisfied by the issuance of 2,498,928,847 new ordinary shares of RM1.00 each in IKSB ("IKSB Shares") at an issue price of RM2.00 per new IKSB Share and a cash payment of RM875,065,566 ("Cash Payment"). Pursuant to the terms of the offer, upon the disposal of SapuraCrest Business, the Company shall, subject to obtaining all requisite approvals, distribute the new IKSB Shares and the Cash Payment to the shareholders of the Company, via a special dividend and/or capital repayment exercise (collectively refer to as the "Proposed Distribution").

Subsequently on 5 August 2011, the Board resolved to accept the offer by IKSB to acquire SapuraCrest Business for a total consideration of RM5,872,923,260, subject to the terms and conditions of the letter of offer dated 11 July 2011 from IKSB ("Proposed Disposal").

The Board also resolved that after completion of the Proposed Disposal and subject to all requisite approvals being obtained, the Company will proceed with the Proposed Distribution.

On 21 September 2011, the Board resolved that upon completion of the Proposed Disposal, the Company shall carry out a capital repayment exercise by way of a capital reduction exercise in accordance with Section 64 of the Companies Act, 1965, under which all SapuraCrest Shares will be cancelled with the objective of distributing to the shareholders of the Company their entitlement to the Merger Consideration ("Proposed Capital Reduction and Repayment"). The Proposed Capital Reduction and Repayment would be subject to the Company obtaining all requisite approvals including the sanction of the High Court of Malaya.

Applications to the Security Commission (“SC”), including the SC (Equity Compliance Unit), in relation to the offer, have been submitted on 28 September 2011.

On 21 November 2011, SC had granted its approval for the proposed merger of SapuraCrest and Kencana.

Pursuant to the above, a notice was issued on 22 November 2011 for an Extraordinary General Meeting to be held on 14 December 2011.

- (b) On 8 August 2011, the Company together with Sapura Petroleum (Australia) Pty Ltd, a wholly owned subsidiary of the Company have entered into a conditional master sale and purchase agreement (“SPA”) with Clough Limited (“Clough”) to acquire from Clough and certain of its subsidiaries, all of Clough’s marine construction business for a total purchase consideration of AUD127 million (equivalent to approximately RM409 million) to be fully satisfied in cash (“Proposed Acquisition”).

Application to Bank Negara Malaysia in relation to the Proposed Acquisition has been submitted on 13 October 2011.

On 31 October 2011, the Company announced that both parties have mutually agreed to extend the time period of fulfilling the Conditions Precedent from within 12 weeks from the date of the SPA to within a date falling on or before 14 December 2011 or such later date as is agreed in writing.

Pursuant to the above, a notice was issued on 29 November 2011 for an Extraordinary General Meeting to be held on 14 December 2011.

- (c) On 1 November 2011, TL Offshore Sdn Bhd (“TLO”), a wholly-owned subsidiary of the Company had been awarded by Petróleo Brasileiro S.A., a contract to charter and operate three units Pipe Laying Support Vessels (“PLSV”) at a total award value of approximately USD1.4 billion. One of the PLSVs will be constructed in Brazil, whereas the other two will be constructed outside Brazil. Revenue for the contract is expected to be generated by the 4th Quarter of 2014.

Saved as disclosed above, there was no material event subsequent to 31 October 2011 to the date of this announcement.

9. Changes in the composition of the Group

On 5 August 2011, the Company had incorporated a new wholly-owned subsidiary in Australia known as Sapura Petroleum (Australia) Pty Ltd (“SPAPL”) with an issued and paid-up share capital of Australian Dollar (AUD) 1.00 comprising 1 ordinary share. The intended principal activity of SPAPL is investment holding.

On 26 September 2011, the Company had acquired the entire issued share capital in Momentum Energy Sdn Bhd (“MESB”) for a total consideration of RM2.00, comprising 2 ordinary shares of RM1.00 each. Concurrently, MESB had on the even date incorporated a wholly-owned subsidiary in Australia known as Sapura Australia Pty Ltd (“SAPL”) with an issued and paid-up share capital of AUD1.00 comprising 1 ordinary share. The intended principal activity of MESB and SAPL is investment holding.

On 26 September 2011, SPAPL had incorporated a wholly-owned subsidiary in Australia known as SC Projects Pty Ltd (“SCPPL”) with an issued and paid-up share capital of AUD1.00 comprising 1 ordinary share. The intended principal activity of SCPPL is investment holding.

On 10 October 2011, SAPL had incorporated a wholly-owned subsidiary in Australia known as SC Offshore Pty Ltd (“SCOPL”) with an issued and paid-up share capital of AUD1.00 comprising 1 ordinary share. The intended principal activity of SCOPL is investment holding.

Pursuant to a group re-organisation exercise effective 19 October 2011, both the Company and SPAPL had transferred their entire shareholding in SPAPL and SCPPL, respectively to SCOPL. These would make both SPAPL and SCPPL directly held wholly-owned subsidiaries of SCOPL. The purchase consideration of the transfers is AUD1.00 each.

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

10. Contingent liabilities

As at 31 October 2011, the Group has provided corporate guarantees of RM553.2 million to financial institutions for credit facilities granted to jointly controlled entities (as compared to RM496.6 million as at 31 January 2011).

11. Capital commitments

Capital expenditure for property, plant and equipment approved and not provided for in the unaudited condensed consolidated financial statement as at 31 October 2011 are as follows:

Approved and contracted for:	RM'000
Group	740,597
Share of capital commitment in jointly controlled entities	<u>5,808</u>
Total	<u>746,405</u>

12. Taxation

Taxation comprises the following:

	Current quarter ended 31/10/11 RM'000	Preceding year Corresponding quarter ended 31/10/10 RM'000	Current 9 months to 31/10/11 RM'000	Preceding year Corresponding 9 months to 31/10/10 RM'000
Malaysian Taxation				
- Current taxation	18,815	9,714	58,877	32,104
- Under/(over) provision in respect of prior year	504	(3,510)	504	(3,334)
Foreign Taxation				
- Current taxation	(146)	1,424	28	3,759
Deferred taxation	(2,261)	271	(2,014)	815
- over provision in respect of prior year	-	-	-	(277)
	<u>16,912</u>	<u>7,899</u>	<u>57,395</u>	<u>33,067</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.

13. Disposal of unquoted investments and/or properties

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

14. Quoted securities

There was no acquisition and disposal of quoted securities.

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 except for the proposals as disclosed in Note 8.

(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 2012
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 Murabahah Medium Term Notes (Islamic Private Debt Securities)	80,000	80,000	
Total	245,000	234,342	

16. Borrowings

The Group's borrowings as at 31 October 2011 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	258,580	-	258,580	25,913	27,653	53,566	312,146
Foreign Banks	96,271	-	96,271	47,472	-	47,472	143,743
Debt securities							
- Istisna' Bonds	248,220	-	248,220	-	-	-	248,220
- Murabahah Commercial Papers	-	-	-	93,886	-	93,886	93,886
	603,071	-	603,071	167,271	27,653	194,924	797,995

The above includes borrowings in US Dollars equivalent to RM186.2 million and Australian Dollars equivalent to RM29.7 million.

17. Derivative financial instrument

Details of the Group's derivative financial instruments outstanding as at 31 October 2011 are as follows:

	Contract/Notional Amount At 31 October 2011 RM'mil	Asset/(Liability) Fair Value RM'mil
Cross Currency Interest Rate Swap (CCIRS)	245.0	-
- Less than 1 year	-	(1.0)
- 1 year to 3 years	-	(1.5)
- More than 3 years	-	(0.4)
	<u>245.0</u>	<u>(2.9)</u>
Forward foreign currency contracts		
- Less than 1 year	<u>46.9</u>	<u>(0.1)</u>

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 2011:

- 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 gain /(loss) arising from fair value changes of financial liabilities is as follows:

Type of financial liability	Current quarter RM'mil	Year to date RM'mil	Basis of fair value measurement	Reasons for gain
CCIRS	(1.1)	0.6	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.

18. Realised and Unrealised Profits

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits is as follows:

	Company and Subsidiaries	Jointly Controlled Entities	Consolidation Adjustments	Group Retained Profits
	RM'000	RM'000	RM'000	RM'000
As at 31 October 2011				
Realised profits	298,054	55,873	164,435	518,362
Unrealised profits/(losses)	12,297	(4,712)	10,514	18,099
	<u>310,351</u>	<u>51,161</u>	<u>174,949</u>	<u>536,461</u>

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

The Group registered an increase of 6.6% in revenue from RM699.4 million in the preceding quarter to RM745.8 million in the current quarter mainly due to higher activities in the IPF division.

However, profit before tax increased marginally from RM135.4 million in the preceding quarter to RM136.4 million in the current quarter due to expenses incurred in relation to acquisition of Clough marine business.

21. Review of performance for the current quarter to date

Current quarter compared to the corresponding quarter of the preceding year

Group revenue for the current quarter decreased by 26.5% to RM745.8 million compared to last year's corresponding quarter of RM1.015 billion consistent with clients' planned activities for the quarter.

Nevertheless, profit before tax increased by 36.3% from RM100.1 million to RM136.4 million principally due to higher contribution from marine services division.

Current financial period compared to nine months of the preceding year

Revenue decreased by 22.8% from RM2.584 billion in the preceding year to RM1.996 billion for the current financial period consistent with clients' planned activities for the period.

Nevertheless, the overall Group's profit before taxation increased by 27.5% from RM311.5 million to RM397.2 million mainly due to higher contribution from IPF and marine services divisions.

22. (a) Prospects for the financial year ending 31 January 2012

Barring any unforeseen circumstances, the Directors expect the Group to achieve improved results for the financial year ending 31 January 2012.

(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

Basic/diluted	Individual Quarter		Cumulative Quarter	
	3 months to 31/10/11	31/10/10	9 months to 31/10/11	31/10/10
Profit attributable to owners of the Parent (RM'000)	83,135	54,837	233,712	158,773
Number of ordinary shares in issue ('000)	1,276,722	1,276,722	1,276,722	1,276,722
Basic/diluted earnings per share (sen)	<u>6.51</u>	<u>4.30</u>	<u>18.31</u>	<u>12.44</u>

Selangor
5 December 2011

By Order of the Board

Aliza Ashari
Poh Phei Ling

Company Secretaries