

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 JULY 2009

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/07/2009 RM'000	Preceding year corresponding quarter 31/07/2008 RM'000	Six months to 31/07/2009 RM'000	Six months to 31/07/2008 RM'000
1. Revenue	1,031,573	903,133	1,747,756	1,587,579
Operating expenses	(920,122)	(808,542)	(1,560,641)	(1,425,256)
Other income	6,534	4,731	7,564	6,802
Profit from operations	117,985	99,322	194,679	169,125
Finance cost	(11,790)	(14,266)	(23,099)	(29,142)
Share of results of associated companies and jointly controlled entities	106,195	85,056	171,580	139,983
	1,679	(10,322)	4,415	(20,070)
Profit before taxation	107,874	74,734	175,995	119,913
Taxation	(14,321)	(8,174)	(21,906)	(12,578)
Profit for the period	93,553	66,560	154,089	107,335
Attributable to :				
Equity holders of the parent	52,362	32,100	78,022	52,455
Minority interests	41,191	34,460	76,067	54,880
	93,553	66,560	154,089	107,335
2. Earnings per share (sen)				
Basic	4.14	2.73	6.17	4.46
Diluted	4.14	2.48	6.17	4.06

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
	31/07/2009	31/01/2009
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	874,475	903,559
Investment in jointly controlled entities and associated companies	143,298	105,508
Intangible assets	149,414	149,515
Deferred tax assets	8,915	11,001
	1,176,102	1,169,583
Current assets		
Inventories	57,273	50,023
Trade & other receivables	1,813,516	1,718,238
Cash and bank balances	944,866	593,538
	2,815,655	2,361,799
TOTAL ASSETS	3,991,757	3,531,382
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	254,189	238,767
Share premium	501,175	461,632
Other reserves	59,730	60,658
Retained profit	239,355	161,333
	1,054,449	922,390
Minority interests	424,516	401,197
Total equity	1,478,965	1,323,587
Non-current liabilities		
Borrowings	426,951	454,307
Deferred taxation	11,290	8,583
	438,241	462,890
Current liabilities		
Trade & other payables	1,609,092	1,252,695
Borrowings	450,669	477,725
Taxation	14,790	14,485
	2,074,551	1,744,905
TOTAL LIABILITIES	2,512,792	2,207,795
TOTAL EQUITY AND LIABILITIES	3,991,757	3,531,382
 Net assets per share (RM)	 0.83	 0.77

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 Six months to 31/07/2009 RM'000	Unaudited Six months to 31/07/2008 RM'000
Profit before taxation	175,995	119,913
Adjustment for non-cash items	<u>53,778</u>	<u>93,187</u>
Operating profit before working capital changes	229,773	213,100
Net change in current assets	(276,772)	(148,656)
Net change in current liabilities	<u>573,893</u>	<u>241,402</u>
	526,894	305,846
Non-operating items	<u>(53,980)</u>	<u>(42,242)</u>
Net cash generated from operating activities	472,914	263,604
Net cash used in investing activities	(98,265)	(41,976)
Net cash used in financing activities	<u>(14,555)</u>	<u>(51,032)</u>
Net changes in Cash and Cash Equivalent	360,094	170,596
Effect of exchange rate translation	(5,612)	3,056
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>944,866</u></u>	<u><u>527,861</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
Six months to 31 July 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	-	-	-	78,022	78,022	76,067	154,089
Issue of ordinary share pursuant of ESOS	396	1,118	-	-	1,514	-	1,514
Share options granted under ESOS	-	109	(109)	-	-	-	-
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	-	-	(819)	-	(819)	(28,939)	(29,758)
At 31 July 2009	<u>254,189</u>	<u>501,175</u>	<u>59,730</u>	<u>239,355</u>	<u>1,054,449</u>	<u>424,516</u>	<u>1,478,965</u>
Six months to 31 July 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	-	-	-	52,455	52,455	54,880	107,335
Issue of ordinary share pursuant of ESOS	494	1,459	-	-	1,953	-	1,953
Share options granted under ESOS	-	332	(332)	-	-	-	-
Issue of ordinary share pursuant of exercise of warrants	2,310	5,891	-	-	8,201	-	8,201
Additional investment in a subsidiary	-	-	-	-	-	(4,125)	(4,125)
Foreign currency translation	-	-	3,194	-	3,194	2,841	6,035
At 31 July 2008	<u>236,474</u>	<u>455,786</u>	<u>30,737</u>	<u>139,279</u>	<u>862,276</u>	<u>325,761</u>	<u>1,188,037</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 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 1,270,944,938 ordinary shares of RM0.20 each by the following:

- i) Issuance of 1,982,114 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 July 2009.

6. Dividends paid

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.

7. Segmental information

	6 months to 31/07/09	
	Segment Revenue	Segment Results
	RM'000	RM'000
Installation of Pipelines and Facilities	910,763	47,584
Drilling	460,421	159,092
Marine Services	348,780	1,626
Operations and Maintenance	27,792	<u>5,368</u>
		213,670
Others (including investment holding and corporate operations)		
Finance costs of debt securities		(12,365)
Share of pre-operating expenses of a JV company		(4,920)
Negative goodwill arising from acquisition of additional interests in a subsidiary (Note 9)		5,809
Other investment holding and corporate operations		<u>(26,199)</u>
Consolidated revenue / profit before tax	<u>1,747,756</u>	<u>175,995</u>

8. Subsequent event

On 2 June 2009, the Company had via its wholly owned subsidiary, TL Geotechnics Sdn Bhd, signed a Share Sale Agreement ("Agreement") with Scomi Group Berhad ("SGB") to acquire SGB's 60% shareholding in Scomi Oilserve Sdn Bhd ("SOSB"), of which 40% is owned by the Company.

The acquisition was completed on 24 August 2009 and SOSB has become a wholly owned subsidiary.

Save as disclosed above, there were no other material events subsequent to 31 July 2009 to the date of this announcement.

9. Changes in the composition of the Group

On 28 July 2009, the Company, via its wholly owned subsidiary, TL GeoSciences Sdn Bhd ("TLGS"), acquired the remaining 30% of the issued and paid up capital in 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.

Save as disclosed above, there were no changes in the composition of the Group for the current quarter and financial period ended 31 July 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	102,304
Share of capital commitment in jointly controlled entities	<u>41,001</u>
Total	<u>143,305</u>

12. Taxation

Taxation comprises the following:

	Current quarter ended 31/07/09 RM'000	Preceding year Corresponding quarter ended 31/07/08 RM'000	Current 6 months to 31/07/09 RM'000	Preceding year Corresponding 6 months to 31/07/08 RM'000
Malaysian Taxation				
- current taxation	13,263	6,585	19,588	9,753
- under/(over) provision in respect of prior year	10	-	10	-
- deferred taxation	166	221	332	443
Foreign Taxation				
- current taxation	<u>882</u>	<u>1,368</u>	<u>1,976</u>	<u>2,382</u>
	<u>14,321</u>	<u>8,174</u>	<u>21,906</u>	<u>12,578</u>

The effective tax rate of 13% and 12% 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 July 2009.

14. Quoted securities

There were no acquisitions and disposals of quoted securities for the current quarter and financial period ended 31 July 2009 and there were no investments in quoted securities as at 31 July 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	56,895	By Dec 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	211,895	

16. Borrowings

The Group's borrowings as at 31 July 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	448	-	448	279,574	32,228	311,802
Foreign Banks	180,560	-	180,560	43,545	1,256	44,801
Debt securities						
- Istisna' Bonds	245,943	-	245,943	-	-	-
- Murabahah CPs	-	-	-	94,066	-	94,066
	426,951	-	426,951	417,185	33,484	450,669

The above includes borrowings in US Dollars equivalent to RM272.2 million and Australian Dollars equivalent to RM2.1 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

Revenue for the current quarter increased by 44% to RM1.03 billion as compared to RM716.2 million in the immediate preceding quarter mainly due to increased activities in the installation of pipelines and facilities (“IPF”), marine services and operations and maintenance divisions.

Profit before taxation increased by 58.4% to RM107.9 million as compared to RM68.1 million in the immediate preceding quarter mainly attributable to IPF, offshore drilling and operations and maintenance services 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 RM1.03 billion represented an increase of RM128.4 million or 14.2% as compared to RM903.1 million in the corresponding quarter of the preceding year, mainly due to increased activities in IPF, marine services and operations and maintenance divisions.

Profit before taxation increased by 44.3% to RM107.9 million as compared to RM74.7 million in the corresponding quarter of the preceding year mainly attributable to the IPF and offshore drilling divisions.

Current financial period compared to six months of the preceding year

For the six months under review, the Group’s revenue increased by RM160.2 million or 10% to RM1.75 billion compared to RM1.59 billion in the preceding year due to increased activities in all divisions.

The Group’s profit before taxation increased by 46.8% to RM176.0 million compared to RM119.9 million in the six months of the preceding year principally due to IPF and offshore drilling divisions.

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 has declared a single tier interim dividend of 3.0 sen per share for the financial year ending 31 January 2010. The dividend will be paid on 9 November 2009 to shareholders whose names appear in the Record of Depositors at the close of business on 12 October 2009.

23. Earnings per share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months to		6 months to	
i) Basic	31/07/09	31/07/08	31/07/09	31/07/08
Profit attributable to equity holders of the parent (RM'000)	52,362	32,100	78,022	52,455
Weighted average number of ordinary shares in issue ('000)	1,263,705	1,176,054	1,263,705	1,176,054
Basic earnings per share (sen)	4.14	2.73	6.17	4.46
	<hr/>		<hr/>	
	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months to		6 months to	
ii) Diluted	31/07/09	31/07/08	31/07/09	31/07/08
Profit attributable to equity holders of the parent (RM'000)	52,362	32,100	78,022	52,455
Weighted average number of ordinary shares in issue ('000)	1,263,705	1,176,054	1,263,705	1,176,054
Dilution due to exercise of ESOS (2008: ESOS and warrants) ('000)	1,435	116,720	1,435	116,720
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,265,140	1,292,774	1,265,140	1,292,774
Diluted earnings per share (sen)	4.14	2.48	6.17	4.06
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Selangor
10 September 2009

By Order of the Board

Finton Tuan Kit Ming
Poh Phei Ling

Company Secretaries