

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2017

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Quarter		Cumulative Quarter	
	Current year quarter <b>31/01/2017</b> RM'000	Preceding year corresponding quarter <b>31/01/2016</b> RM'000	Twelve months to <b>31/01/2017</b> RM'000	Twelve months to <b>31/01/2016</b> RM'000
<b>1. Revenue</b>	<b>1,812,820</b>	<b>2,231,537</b>	<b>7,651,323</b>	<b>10,184,031</b>
Operating expenses	(1,332,169)	(1,756,642)	(6,276,440)	(7,131,594)
Other operating income	2,877	327	1,360,543	17,872
	<b>483,528</b>	<b>475,222</b>	<b>2,735,426</b>	<b>3,070,309</b>
Depreciation and amortisation	(312,912)	(366,260)	(1,792,072)	(1,430,439)
Provision for impairment on receivables	-	-	-	(871)
Finance income	5,649	5,668	23,798	18,247
Finance costs	(221,083)	(211,177)	(799,856)	(760,170)
Net foreign exchange gain	54,741	88,004	43,738	320,747
Share of profit from associates and joint venture companies	147,480	16,719	456,897	190,346
<b>Profit before taxation, impairments and other items</b>	<b>157,403</b>	<b>8,176</b>	<b>667,931</b>	<b>1,408,169</b>
Provision for impairment on property, plant and equipment and oil and gas properties	(282,683)	(1,143,811)	(282,683)	(2,000,998)
Provision for impairment on investment	-	-	-	(28,254)
Deposit on acquisition of oil and gas assets written off	-	(172,503)	-	(172,503)
Changes in provision	-	-	-	80,947
<b>(Loss)/profit before taxation, after impairments and other items</b>	<b>(125,280)</b>	<b>(1,308,138)</b>	<b>385,248</b>	<b>(712,639)</b>
Taxation	(47,639)	21,252	(179,084)	(78,806)
<b>(Loss)/profit after taxation</b>	<b>(172,919)</b>	<b>(1,286,886)</b>	<b>206,164</b>	<b>(791,445)</b>
Attributable to:				
Owners of the Parent	(172,319)	(1,286,191)	208,316	(791,555)
Non-controlling interests	(600)	(695)	(2,152)	110
	<b>(172,919)</b>	<b>(1,286,886)</b>	<b>206,164</b>	<b>(791,445)</b>
<b>2. Earnings per share (sen)</b>				
Basic/Diluted	<b>(2.89)</b>	<b>(21.54)</b>	<b>3.50</b>	<b>(13.25)</b>

The condensed consolidated income statement should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2017

THE FIGURES HAVE NOT BEEN AUDITED

II. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current year quarter  31/01/2017 RM'000	Preceding year corresponding quarter 31/01/2016 RM'000	Twelve months to 31/01/2017 RM'000	Twelve months to 31/01/2016 RM'000
(Loss)/profit after taxation	(172,919)	(1,286,886)	206,164	(791,445)
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified to income statements in subsequent periods:</i>				
Foreign currency translation differences	455,442	(468,824)	478,551	1,069,587
Net changes in cash flow hedge	(12,259)	-	(21,859)	-
Share of other comprehensive income of associated and joint venture companies:				
- Foreign currency translation differences	99,451	170,643	165,202	75,815
- Hedge reserve	51,664	(13,469)	58,321	(53,303)
<b>Total comprehensive income</b>	<b>421,379</b>	<b>(1,598,536)</b>	<b>886,379</b>	<b>300,654</b>
Attributable to:				
Owners of the parent	422,041	(1,598,071)	888,243	301,550
Non-controlling interests	(662)	(465)	(1,864)	(896)
<b>Total comprehensive income</b>	<b>421,379</b>	<b>(1,598,536)</b>	<b>886,379</b>	<b>300,654</b>

The condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2017  
THE FIGURES HAVE NOT BEEN AUDITED

III. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED As at end of current financial year <b>31/01/2017</b> RM'000	AUDITED As at end of preceding financial year <b>31/01/2016</b> RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	15,140,032	14,905,658
Expenditures on oil and gas properties	4,398,855	4,707,681
Goodwill on consolidation	8,443,538	8,176,803
Other intangible assets	39,992	64,679
Investment in associates and joint venture companies	1,858,609	1,568,502
Deferred tax assets	221,571	211,360
Trade receivables	39,129	28,937
	<u>30,141,726</u>	<u>29,663,620</u>
<b>Current assets</b>		
Inventories	458,483	572,236
Trade and other receivables	3,269,108	4,114,059
Tax recoverable	95,099	194,554
Cash and cash equivalents	3,519,509	1,947,527
	<u>7,342,199</u>	<u>6,828,376</u>
<b>TOTAL ASSETS</b>	<b><u>37,483,925</u></b>	<b><u>36,491,996</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	5,992,155	5,992,155
Share premium	2,074,255	2,074,255
Shares held under trust	(93,304)	(80,000)
Other reserves	2,496,087	1,821,934
Retained profits	2,606,925	2,398,609
	<u>13,076,118</u>	<u>12,206,953</u>
<b>Non-controlling interests</b>	4,190	6,054
<b>Total equity</b>	<u>13,080,308</u>	<u>12,213,007</u>
<b>Non-current liabilities</b>		
Borrowings	15,135,967	16,238,029
Other payables	347,043	24,112
Provision for assets retirement obligation	243,018	202,809
Derivatives	21,859	-
Deferred tax liabilities	1,282,684	1,269,502
	<u>17,030,571</u>	<u>17,734,452</u>
<b>Current liabilities</b>		
Borrowings	3,511,050	2,091,138
Trade and other payables	3,800,266	4,338,600
Provision for assets retirement obligation	37,326	33,126
Provision for taxation	24,404	81,673
	<u>7,373,046</u>	<u>6,544,537</u>
<b>TOTAL LIABILITIES</b>	<u>24,403,617</u>	<u>24,278,989</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>37,483,925</u></b>	<b><u>36,491,996</u></b>
<b>Net assets per share (RM)</b>	<b><u>2.19</u></b>	<b><u>2.04</u></b>

The condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2017

THE FIGURES HAVE NOT BEEN AUDITED

IV. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED Twelve months to 31/01/2017 RM'000	AUDITED Twelve months to 31/01/2016 RM'000
<b>Profit/(loss) before taxation</b>	<b>385,248</b>	<b>(712,639)</b>
Adjustments	2,326,037	4,254,215
Operating profit before working capital changes	2,711,285	3,541,576
Changes in working capital	439,856	(697,540)
<b>Cash generated from operations</b>	<b>3,151,141</b>	<b>2,844,036</b>
Taxation paid	(145,971)	(232,982)
<b>Net cash generated from operating activities</b>	<b>3,005,170</b>	<b>2,611,054</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(190,620)	(419,593)
Additional investment in joint venture companies	-	(19,846)
Expenditure on oil and gas properties	(199,416)	(271,934)
Net advances to joint venture companies	(59,167)	(56,112)
Dividend received from a joint venture company *	449,479	125,022
Proceeds from disposal of property, plant and equipment	6,241	20,583
Other items	16,287	10,198
<b>Net cash generated from/(used in) investing activities</b>	<b>22,804</b>	<b>(611,682)</b>
<b>Cash flows from financing activities</b>		
Finance cost paid	(824,211)	(565,740)
Dividend paid on ordinary shares	-	(200,055)
Purchase of shares held under trust	(80,000)	-
Net repayment of revolving credit, term loans, Islamic Facility and Sukuk Programme	(676,606)	(650,103)
Net (repayment)/drawdown of hire purchase and lease financing	(7,949)	1,090
<b>Net cash used in financing activities</b>	<b>(1,588,766)</b>	<b>(1,414,808)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,439,208</b>	<b>584,564</b>
Effect of exchange rate translation	132,774	106,412
Cash and cash equivalent at beginning of year	1,947,527	1,256,551
<b>Cash and cash equivalent at end of year</b>	<b>3,519,509</b>	<b>1,947,527</b>

\* In the current financial year, the Group received a dividend from Berantai Floating Production Limited, arising from the cessation of Berantai Risk Service Contract.

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2017

THE FIGURES HAVE NOT BEEN AUDITED

V. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent					Non-controlling interests	Total equity	
	Share capital	Share premium	Shares held under trust	Other reserves	Retained profits			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Twelve months to 31 January 2017 (Unaudited)</b>								
At 1 February 2016	5,992,155	2,074,255	(80,000)	1,821,934	2,398,609	12,206,953	6,054	12,213,007
<b>Total comprehensive income</b>	-	-	-	679,927	208,316	888,243	(1,864)	886,379
<b>Transaction with owners:</b>								
Purchase of shares held under trust	-	-	(80,000)	-	-	(80,000)	-	(80,000)
Granted and vested during the year	-	-	66,696	-	-	66,696	-	66,696
Reversal of fair value adjustment	-	-	-	(5,774)	-	(5,774)	-	(5,774)
<b>Total transaction with owners</b>	-	-	(13,304)	(5,774)	-	(19,078)	-	(19,078)
At 31 January 2017	<u>5,992,155</u>	<u>2,074,255</u>	<u>(93,304)</u>	<u>2,496,087</u>	<u>2,606,925</u>	<u>13,076,118</u>	<u>4,190</u>	<u>13,080,308</u>

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2017

THE FIGURES HAVE NOT BEEN AUDITED

V. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D.)

	Attributable to owners of the parent					Non-controlling interests	Total equity	
	Share capital	Share premium	Shares held under trust	Other reserves	Retained profits			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Twelve months to 31 January 2016</b>								
<b>(Audited)</b>								
At 1 February 2015	5,992,155	2,074,255	(80,000)	728,829	3,270,783	11,986,022	6,950	11,992,972
<b>Total comprehensive income</b>	-	-	-	1,093,105	(791,555)	301,550	(896)	300,654
<b>Transaction with owners:</b>								
Dividend on ordinary shares	-	-	-	-	(80,619)	(80,619)	-	(80,619)
<b>Total transaction with owners</b>	-	-	-	-	(80,619)	(80,619)	-	(80,619)
At 31 January 2016	<u>5,992,155</u>	<u>2,074,255</u>	<u>(80,000)</u>	<u>1,821,934</u>	<u>2,398,609</u>	<u>12,206,953</u>	<u>6,054</u>	<u>12,213,007</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. Basis of preparation

The unaudited condensed consolidated interim financial statements for the year ended 31 January 2017 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB"). These condensed consolidated interim financial statements also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board.

The unaudited condensed consolidated interim financial statements for the financial year ended 31 January 2017 should be read in conjunction with the audited financial statements for the financial year ended 31 January 2016.

The accounting policies and methods of computation adopted by Sapura Energy Berhad (formerly known as SapuraKencana Petroleum Berhad) ("the Company") and its subsidiaries ("the Group") in these condensed consolidated interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 January 2016 except for the following:

As at 1 February 2016, the Group and the Company have adopted the following revised MFRS and Amendments to MFRS that have been issued by the Malaysian Accounting Standards Board ("MASB").

#### **Effective for annual periods beginning on or after 1 January 2016:**

Annual improvement to MFRS 2012-2014 Cycle

Amendments to MFRS 116 and MFRS 138 : Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141 : Agriculture : Bearer Plants

Amendments to MFRS 11 : Accounting for Acquisitions of interest in Joint Operations

Amendments to MFRS 127 : Equity Method in Separate Financial Statements

Amendments to MFRS 101 : Disclosure Initiative

Amendments to MFRS 10, MFRS 12 and MFRS 128 : Investment Entities : Applying the Consolidation Exception

MFRS 14 : Regulatory Deferral Accounts

Adoption of the above revised standards does not have material impact on the financial statements of the Group and the Company.

### 2. Seasonality and cyclicity 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 other unusual items affecting the assets, liabilities, equity, net income or cash flows for the current financial year, other than as disclosed in these condensed consolidated interim financial statements.

### 4. Changes in estimates

There were no other changes in estimates other than as disclosed in these unaudited condensed consolidated income statement, that have a material effect in the current financial year.

## 5. Debt and equity securities

There were no issuance and repayment of debt securities, share buy-back, share cancellations, shares held under trust and resale of shares held under trust during the quarter ended 31 January 2017.

## 6. Subsequent events

There was no material event subsequent to 31 January 2017 which has not been reflected in these condensed consolidated interim financial statements.

## 7. Changes in the composition of the Group

There was no change in the composition of the Group during the current financial year.

## 8. Contingent liabilities

The Group has provided corporate guarantees to financial institutions for credit facilities granted to joint venture companies amounting to RM1,174.7 million (31 January 2016: RM1,421.0 million).

## 9. Capital commitments

Capital expenditure for property, plant and equipment and expenditures on oil and gas properties approved and not provided for in these condensed consolidated interim financial statements as at 31 January 2017 are as follows:

<b>Approved and contracted:</b>	<b>31/01/2017</b> RM'000
Group	<u>1,670,696</u>

## 10. Taxation

Taxation comprises the following:

	Individual Quarter		Cumulative Quarter	
	Current year quarter <b>31/01/2017</b> RM'000	Preceding year corresponding quarter <b>31/01/2016</b> RM'000	Twelve months to <b>31/01/2017</b> RM'000	Twelve months to <b>31/01/2016</b> RM'000
Current taxation:				
Malaysian taxation	40,620	19,673	107,952	141,073
Foreign taxation	20,195	(5,926)	80,653	89,423
Deferred taxation	<u>(13,176)</u>	<u>(34,999)</u>	<u>(9,521)</u>	<u>(151,690)</u>
	<u>47,639</u>	<u>(21,252)</u>	<u>179,084</u>	<u>78,806</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year.

Income from petroleum operation in Malaysia is calculated at the Malaysian petroleum income tax rate of 38%.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.



## 11. Status of corporate proposals announced

There were no corporate proposals announced but not completed as at the date of this announcement.

## 12. Borrowings

12.1 The Group's borrowings as at 31 January 2017 and 31 January 2016 are as follows:

	<b>31/01/2017</b>	<b>31/01/2016</b>
	RM'000	RM'000
<b>Short term borrowings</b>		
Secured	8,740	9,709
Unsecured	3,502,310	2,081,429
	<u>3,511,050</u>	<u>2,091,138</u>
<b>Long term borrowings</b>		
Secured	6,634	13,605
Unsecured	15,129,333	16,224,424
	<u>15,135,967</u>	<u>16,238,029</u>
	<u>18,647,017</u>	<u>18,329,167</u>

12.2 Included in the borrowings are borrowings denominated in foreign currency as follows:

	<b>31/01/2017</b>	<b>31/01/2016</b>
	RM'000	RM'000
United States Dollar	<u>15,194,274</u>	<u>14,613,714</u>

12.3 SapuraKencana TMC Sdn. Bhd. ("SKTMC") (a wholly-owned subsidiary of Sapura Energy Berhad (formerly known as SapuraKencana Petroleum Berhad)) had, on 22 February 2017 signed a seven-year multi-currency financing facilities of approximately USD1.5 billion with a consortium of Malaysian, regional and international banks.

Subsequent to the signing, the Group announced on 7 March 2017 the issuances of up to RM3.3 billion and USD74.8 million in nominal value of Unrated Sukuk Murabahah under the existing 30-year multi-currency sukuk programme of up to RM7 billion in nominal value.

Proceeds raised from the issuance of the Unrated Sukuk Murabahah were utilised to part refinance SKTMC's existing borrowings. The Unrated Sukuk Murabahah is structured based on the Shariah principle of Commodity Murabahah (via Tawarruq arrangement). The refinancing exercise is part of the Group's proactive capital management initiative.

Post this refinancing exercise, the Group's short term borrowings of approximately RM1.1 billion has moved to long term borrowings subsequent to 7 March 2017.

### 13. Derivative financial instruments

The Group has entered into an Islamic Cross-Currency Swap ("ICRCS") contract with a merchant bank to hedge part of the Group borrowings' foreign currency risk.

Details of the derivative outstanding as at 31 January 2017 are as follows:

	<b>Notional Value RM'000</b>	<b>Liabilities Fair Value RM'000</b>
<b><u>Islamic Cross-Currency Swap</u></b>		
5 years	176,000	21,859

The Group treats the derivative as a cash flow hedge. Accordingly, the effective portion of the gain or loss on the hedging instrument is recognised directly into the hedge reserve in other comprehensive income, while any ineffective portion is recognised immediately in the income statement as other operating expenses.

There is no gain/(loss) arising from fair value changes of financial liabilities charged in the income statement in the current year.

### 14. 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:

	<b>31/01/2017 RM'000</b>
Total retained profits of the Company and its subsidiaries	
- Realised	2,559,665
- Unrealised:	
- in respect of deferred tax	(1,061,700)
- in respect of other items of income statement	190,091
	<u>1,688,056</u>
Total share of retained profits from joint ventures and associates	
- Realised	779,876
- Unrealised:	
- in respect of deferred tax	33,188
	<u>813,064</u>
Total Group retained profits	2,501,120
Add: Consolidation adjustments	105,805
Total Group retained profits as per consolidated accounts	<u>2,606,925</u>

## 15. Material litigation

On 20 February 2006, Sarku Engineering Services Sdn. Bhd. ("SESSB"), a wholly-owned subsidiary of the Company entered into a contract with Oil and Natural Gas Corporation Limited ("ONGC") for the performance of works by SESSB to revamp 26 well platforms located in Mumbai High South field offshore site ("Contract").

On 21 September 2012, SESSB commenced arbitration proceedings by filing a statement of claim against ONGC in relation to disputes pursuant to the Contract for a sum of Indian Rupee ("INR") 1,063,759,201 and USD123,819,632 (including interest, costs, losses and damages).

On 17 December 2012, ONGC has filed their reply to the Statement of Claim. No counter claims have been filed by ONGC. Documents and witness statements have been filed.

Further examination in chief took place in January 2014 whereby revised list of documents were exchanged and has been taken on record.

The cross examination of ONGC's witness commenced on 22nd, 23rd December 2014 and 5th, 6th and 7th January 2015.

The next dates of hearing fixed by the tribunal are on 21st, 22nd, 23rd August 2017 and 24th, 25th October 2017.

SESSB has been advised by its solicitors, that SESSB has a reasonable basis for its claims against ONGC.

There were no other material litigation that may, upon materialisation, have a material effect on the Group's financial results or position, except as disclosed above.

## 16. Segment information

The Group organises its business activities into four major segments as follows:

- (i) Engineering and Construction ("E&C");
- (ii) Drilling;
- (iii) Energy; and
- (iv) Corporate

	<u>12 months to 31/01/2017</u>	
	<b>Revenue</b>	<b>Operating profit</b>
	RM'000	RM'000
E&C	4,543,646	435,065
Drilling	2,018,834	78,375
Energy	1,120,967	129,833
	<u>7,683,447</u>	<u>643,273</u>
Corporate expenses and eliminations	(32,124)	(258,025)
<b>Group revenue / profit before taxation</b>	<b><u>7,651,323</u></b>	<b><u>385,248</u></b>

## 17. Review of performance

### 17.1 Current quarter vs. corresponding quarter of the preceding year

	Revenue		Operating profit/(loss)	
	3 months to		3 months to	
	31/01/2017	31/01/2016	31/01/2017	31/01/2016
	RM'000	RM'000	RM'000	RM'000
<b>Business Segments:</b>				
E&C	1,156,125	1,073,072	(37,688)	(15,540)
Drilling	397,431	707,885	(157,483)	(170,251)
Energy	274,064	326,891	74,059	(904,147)
	<u>1,827,620</u>	<u>2,107,848</u>	<u>(121,112)</u>	<u>(1,089,938)</u>
Corporate expenses and eliminations	<u>(14,800)</u>	<u>123,689</u>	<u>(4,168)</u>	<u>(218,200)</u>
<b>Group revenue/ Loss before taxation</b>	<b><u>1,812,820</u></b>	<b><u>2,231,537</u></b>	<b><u>(125,280)</u></b>	<b><u>(1,308,138)</u></b>

#### Group

The Group revenue of RM1,812.8 million was 18.8% lower than RM2,231.5 million in the corresponding quarter of the preceding year ("Q4 FY2016").

The Group recorded loss before taxation of RM125.3 million, an increase of RM1,182.9 million as compared to loss before taxation of RM1,308.1 million in Q4 FY2016.

Included in the current quarter Group loss before taxation is a provision for impairment on property, plant and equipment and oil and gas properties of RM282.7 million (Q4 FY2016: RM1,143.8 million) and included in the Group Q4 FY2016 loss before taxation was deposit on acquisition of oil and gas assets written off amounting to RM172.5 million. After excluding these items, the Group recorded profit before taxation of RM157.4 million, which was higher by RM149.2 million compared to RM8.2 million in Q4 FY2016.

The Group performance by business segments is further explained below.

#### Business Segments:

##### Engineering and Construction

The segment recorded revenue of RM1,156.1 million, which was 7.7% higher than RM1,073.1 million in Q4 FY2016 in line with higher activities during the current quarter.

The segment recorded loss before taxation for the current quarter of RM37.7 million, a decrease of RM22.1 million as compared to loss before taxation of RM15.5 million in Q4 FY2016.

Included in the current quarter segment loss before taxation is a provision for impairment on property, plant and equipment of RM123.0 million (Q4 FY2016: RM144.0 million). After excluding this item, the segment recorded profit before taxation of RM85.3 million, which was lower by RM43.2 million compared to RM128.5 million in Q4 FY2016.

## 17. Review of performance (cont'd.)

### 17.1 Current quarter vs. corresponding quarter of the preceding year (cont'd.)

#### Business Segments: (cont'd.)

##### Drilling

The segment revenue for the current quarter of RM397.4 million was RM310.5 million lower than RM707.9 million in Q4 FY2016, mainly due to the lower revenue from certain rigs which were off contract during the current quarter, compared to Q4 FY2016.

The segment recorded loss before taxation in the current quarter of RM157.5 million, an increase of RM12.8 million as compared to loss before taxation of RM170.3 million in Q4 FY2016.

Included in the current quarter segment loss before taxation is a provision for impairment on property, plant and equipment of RM160.9 million (Q4 FY2016: RM282.2 million). After excluding this item, the segment reported profit before taxation of RM3.4 million, a decrease by RM108.5 million compared to Q4 FY2016. This is in line with lower revenue from certain rigs which were off contract during the current quarter.

##### Energy

The segment recorded revenue of RM274.1 million, which was RM52.8 million lower than RM326.9 million in Q4 FY2016. The decrease is due to the cessation of Berantai Risk Service Contract ("Berantai RSC") in Q2 FY2017. The decrease is offset with higher average realised oil price achieved and higher barrels of oil lifted in the current quarter compared to Q4 FY16.

The profit before taxation of RM74.1 million was RM978.2 million higher than Q4 FY2016.

Included in the segment profit before taxation is a reversal of impairment on oil and gas properties of RM1.2 million (Q4 FY 2016: provision for impairment on oil and gas properties of RM717.6 million) and included in Q4 FY2016 was a deposit on acquisition of oil and gas assets written off amounting to RM172.5 million. Excluding these items, the segment registered profit before taxation of RM72.9 million, which was RM86.9 million higher compared to loss before taxation of RM14.0 million in Q4 FY2016.

## 17. Review of performance (cont'd.)

### 17.2 Current year vs. corresponding preceding year

	Revenue		Operating profit/(loss)	
	12 months to		12 months to	
	31/01/2017	31/01/2016	31/01/2017	31/01/2016
	RM'000	RM'000	RM'000	RM'000
<b>Business Segments:</b>				
E&C	4,543,646	5,646,115	435,065	856,387
Drilling	2,018,834	2,955,766	78,375	302,584
Energy	1,120,967	1,599,623	129,833	(1,453,725)
	<u>7,683,447</u>	<u>10,201,504</u>	<u>643,273</u>	<u>(294,754)</u>
Corporate expenses and eliminations	<u>(32,124)</u>	<u>(17,473)</u>	<u>(258,025)</u>	<u>(417,885)</u>
<b>Group revenue/ profit/(loss) before taxation</b>	<b><u>7,651,323</u></b>	<b><u>10,184,031</u></b>	<b><u>385,248</u></b>	<b><u>(712,639)</u></b>

#### Group

The Group revenue of RM7,651.3 million was 24.9% lower than RM10,184.0 million in the corresponding preceding year ("corresponding year").

The Group profit before taxation of RM385.2 million was higher by RM1,097.9 million compared to the corresponding year.

Included in the Group profit/(loss) before taxation is a provision for impairment on property, plant and equipment and oil and gas properties of RM282.7 million (Corresponding year: RM2,001.0 million). Included in corresponding year were provision for impairment on investment of RM28.3 million, deposit on acquisition of oil and gas assets written off amounting to RM172.5 million and changes in provision of RM80.9 million.

The Group recorded profit before taxation of RM667.9 million, which was 52.6% million lower than profit before taxation in the corresponding year of RM1,408.2 million, after excluding provision for impairment on property, plant and equipment and oil and gas properties, provision for impairment of investment, deposit on proposed acquisition of oil and gas assets written off and changes in provision.

#### Business Segments:

##### Engineering and Construction

The segment revenue for the current year of RM4,543.6 million was 19.5% lower compared to the corresponding year, in line with lower activities during the current year.

The segment profit before taxation of RM435.1 million was 49.2% lower than the corresponding year.

Included in the segment profit before taxation is provision for impairment on property, plant and equipment of RM123.0 million (Corresponding year: RM202.8 million). Included in corresponding year was a provision for impairment on investment of RM28.3 million. After excluding these items, the segment reported profit before taxation of RM558.0 million, which was 48.7% lower than RM1,087.5 million recorded in the corresponding year. This is in line with the lower revenue and its corresponding scope of works, offset by higher share of profit from the joint venture companies.

## 17. Review of performance (cont'd.)

### 17.2 Current year vs. corresponding preceding year (cont'd.)

#### Business Segments: (cont'd.)

##### Drilling

The segment revenue for the current year of RM2,018.8 million was lower by 31.7% compared to the corresponding year, mainly due to certain rigs which were off contract during the year.

The segment profit before taxation of RM78.4 million was 74.1% lower than RM302.6 million in the corresponding year.

Included in the segment profit before taxation is a provision for impairment on property, plant and equipment of RM160.9 million (corresponding year: RM400.9 million) and included in corresponding year was a changes in provision of RM80.9 million. After excluding these items, the segment reported profit before taxation of RM239.3 million, which was 61.6% lower than RM622.5 million in the corresponding year. This is in line with lower revenue during the current year.

##### Energy

The segment revenue for the current year of RM1,121.0 million was 29.9% lower compared to the corresponding year, mainly due to the cessation of Berantai RSC in Q2 FY2017 and lower average realised oil price achieved and lower barrels of oil lifted in the current year.

The segment profit before taxation of RM129.8 million was higher by RM1,583.6 million compared to the corresponding year.

Included in the segment profit/(loss) before taxation is a reversal of provision for impairment on oil and gas properties of RM1.2 million (corresponding year: provision for impairment on oil and gas properties of RM1,397.3 million) and included in the corresponding year was a deposit on acquisition of oil and gas assets written off amounting to RM172.5 million. After excluding these items, the segment reported profit before taxation of RM128.6 million, which was RM12.6 million higher than profit before taxation of RM116.0 million in the corresponding year.

## 18. Review of performance as compared to the immediate preceding quarter

Group revenue of RM1,812.8 million was 18.4% lower than the immediate preceding quarter ("Q3 FY2017") of RM2,221.7 million, primarily due to lower activities in the Engineering and Construction and drilling business segment.

The Group loss before taxation of RM125.3 million was RM324.5 million lower than Q3 FY2017 Group profit before taxation of RM199.3 million, in line with the lower revenue in the current quarter.

**19. (a) Commentary on prospects**

Whilst crude oil prices have improved in recent months, the outlook remains uncertain. The trend of prolonged low levels of capital spending is expected to continue and poses significant challenges to the industry.

The Group remains committed to its key strategies including strengthening its position in existing markets as well as expanding into new markets, and continuing to re-base costs and improving operational efficiency. In addition, the Group's recently completed refinancing exercise, which is part of its proactive capital management initiative, will further strengthen the Group's fundamentals.

The Board anticipates the challenging environment to persist in the short and medium term, however, the Board is confident that the Group has put in place strategic and operational plans to navigate through this period.

**(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.

**20. Dividend**

In respect of the financial year ended 31 January 2017, the Board of Directors has declared on 31 March 2017 a tax exempt single tier interim dividend of 1.00 sen per share (in respect of financial year ended 31 January 2016, a tax exempt single tier interim dividend of 1.35 sen per share was declared on 15 June 2015).

The dividend will be paid on 28 April 2017 to shareholders registered at the close of business on 14 April 2017. A depositor shall qualify for entitlement only in respect of:

- (i) shares transferred into the Depositor's Securities Account before 4:00 pm on 14 April 2017 in respect of transfers;
- (ii) shares bought on the BMSB on a cum entitlement basis according to the rules of BMSB.

**21. Earnings per share**

	Individual Quarter		Cumulative Quarter	
	3 months to 31/01/2017	31/01/2016	12 months to 31/01/2017	31/01/2016
<b>Basic/Diluted</b>				
Profit attributable to owners of the Parent (RM'000)	(172,319)	(1,286,191)	208,316	(791,555)
Weighted average number of ordinary shares in issue ('000)	5,963,607	5,971,797	5,951,123	5,971,797
Basic/diluted earnings per share (sen)	(2.89)	(21.54)	3.50	(13.25)

**By Order of the Board**

Seri Kembangan, Selangor Darul Ehsan  
31 March 2017

Izzam bin Ibrahim  
LS 0008731  
Group Company Secretary