SAPURAKENCANA PETROLEUM BERHAD
(Formerly known as Sapura-Kencana Petroleum Berhad)
(Company No : 950894-T)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 OCTOBER 2012

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED INCOME STATEMENT

		Individual Quarter		Cumulative Quarter	
		Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
		31/10/2012	**31/10/2011**	**31/10/2012**	**31/10/2011**
		RM'000	RM'000	RM'000	RM'000
1.	**Revenue**	**2,215,524**	**745,757**	**4,954,863**	**1,995,968**
	Operating expenses	(1,903,770)	(606,069)	(4,152,828)	(1,569,160)
	Other operating income	62,589	2,115	74,458	7,427
	Profit from operations	374,343	141,803	876,493	434,235
	Interest income	5,122	1,811	12,846	6,515
	Interest expenses	(72,985)	(11,531)	(150,444)	(37,155)
	Net fair value gain/(loss) on derivatives	847	(4,529)	413	(428)
	Depreciation and amortisation	(98,716)	(21,187)	(186,393)	(61,986)
	Net foreign exchange (loss)/gain	(31,808)	15,599	(49,189)	3,268
	Allowance for impairment on receivables	(1,537)	-	(2,591)	-
	Reserves arising from additional investment in a subsidiary	41,950	-	41,950	-
	Share of results of associated companies and jointly-controlled entities	44,099	14,434	78,817	52,746
	Profit before taxation	**261,315**	**136,400**	**621,902**	**397,195**
	Taxation	(56,704)	(16,912)	(147,906)	(57,395)
	Profit for the year	**204,611**	**119,488**	**473,996**	**339,800**
	Attributable to :				
	Owners of the Parent	182,519	83,135	400,702	233,712
	Non-controlling interests	22,092	36,353	73,294	106,088
		204,611	**119,488**	**473,996**	**339,800**
2.	**Earnings per share (sen)**				
	Basic/Diluted	**3.65**	**N/A**	**8.01**	**N/A**

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

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 OCTOBER 2012

THE FIGURES HAVE NOT BEEN AUDITED

II. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		**Cumulative Quarter**	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	31/10/2012	**31/10/2011**	**31/10/2012**	**31/10/2011**
	RM'000	RM'000	RM'000	RM'000
Profit for the year	**204,611**	**119,488**	**473,996**	**339,800**
Other comprehensive income:				
Foreign currency translation differences	(68,679)	52,572	15,861	24,808
Share of other comprehensive income of jointly-controlled entities	3,448	(2,162)	3,448	(672)
Total comprehensive income	139,380	169,898	493,305	363,936
Attributable to :				
Owners of the Parent	132,957	117,147	399,867	249,829
Non-controlling interests	6,423	52,751	93,438	114,107
	139,380	169,898	493,305	363,936

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

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III. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED As at end of current quarter **31/10/2012** RM'000	**UNAUDITED** As at preceding financial year end **31/01/2012** RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,024,355	1,446,851
Investment in jointly-controlled entities and associated companies	460,293	320,943
Expenditures on oil and gas properties	660,024	178,820
Goodwill on consolidation	4,985,480	211,883
Other intangible assets	53,364	8,360
Deferred tax assets	41,362	18,465
	10,224,878	2,185,322
Current assets		
Inventories	208,127	79,747
Trade and other receivables	3,862,610	1,253,063
Derivative financial assets	-	355
Cash and bank balances	1,143,543	704,911
	5,214,280	2,038,076
TOTAL ASSETS	**15,439,158**	**4,223,398**
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	5,004,366	- *
Share premium	242,886	-
Other reserves	(43,813)	708,748
Retained profits	985,178	584,476
	6,188,617	1,293,224
Non-controlling interests	373,816	332,120
Total equity	6,562,433	1,625,344
Non-current liabilities		
Borrowings	4,451,104	580,867
Derivative financial liabilities	2,942	1,508
Deferred tax liabilities	84,368	16,082
	4,538,414	598,457
Current liabilities		
Trade and other payables	2,811,553	1,149,348
Borrowings	1,446,298	829,795
Derivative financial liabilities	584	571
Taxation	79,876	19,883
	4,338,311	1,999,597
TOTAL LIABILITIES	8,876,725	2,598,054
TOTAL EQUITY AND LIABILITIES	**15,439,158**	**4,223,398**
Net assets per share (RM)	**1.24**	**N/A**

* Represents a balance of RM2.00

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

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IV. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Nine months to 31/10/2012 RM'000	Unaudited Nine months to 31/10/2011 RM'000
Profit before tax	**621,902**	**397,195**
Adjustments:		
Depreciation and amortisation	186,393	61,986
Interest expenses	150,444	37,155
Interest income	(12,846)	(6,515)
Net fair value loss/(gain) on derivatives	10	443
Share of results of associates and jointly-controlled entities	(78,817)	(52,746)
Allowance for impairment on receivables	2,591	-
Reserves arising from additional investment in a subsidiary	(41,950)	-
Net unrealised foreign exchange loss	45,683	(1,649)
Other items	2,820	(49)
Operating profit before working capital changes	876,230	435,820
Changes in working capital		
Increase in inventories	(41,931)	(25,121)
Increase in trade and other receivables	(841,729)	(84,156)
Changes in derivatives	3,819	15
Changes in balances with jointly-controlled entities	(934,246)	33,207
Increase/(decrease) in trade and other payables	1,088,879	(80,203)
Cash generated from operations	151,022	279,562
Interest paid	(136,954)	(28,692)
Taxation paid, net	(111,408)	(29,004)
Net cash (used in)/generated from operating activities	**(97,340)**	**221,866**
Investing Activities		
Arising from merger exercise	(875,066)	-
Transaction expenses in relation to the merger exercise	(28,500)	-
Purchase of property, plant and equipment	(589,164)	(49,132)
Expenditures on oil and gas properties	(242,390)	(78,867)
Purchase of intangible assets	-	(4,726)
Investment in associates and jointly-controlled entities	(307,290)	(25,079)
Acquisition of subsidiaries	(194,208)	-
Proceeds from disposal of property, plant and equipment	3,702	148
Dividend from a jointly-controlled entity	26,688	38,257
Dividend to non-controlling interest of subsidiaries	(54,464)	(95,550)
Other items	8,934	6,514
Net cash used in investing activities	**(2,251,758)**	**(208,435)**
Financing Activities		
Redemption of Murabahah Commercial Paper (MCPs)	(5,000)	(5,000)
Redemption of Istisna Bonds	(60,000)	-
Dividend paid	-	(70,220)
Drawdown/(repayment) of revolving credit, net	359,621	(8,906)
Drawdown of term loans, net	2,628,441	61,159
(Repayment)/drawdown of Ijarah facility, net	(185,818)	122,761
Repayment of hire purchase and lease financing	(13,001)	(124,258)
Increased of fixed deposits pledged	(1,229)	-
Net changes in short term borrowings	8,733	(106,115)
Net cash generated from/(used in) financing activities	**2,731,747**	**(130,579)**
Net changes in Cash and Cash Equivalents	**382,649**	**(117,148)**
Cash and Cash Equivalents at beginning of year	704,911	768,381
Effect of exchange rate translation	2,341	(4,825)
Cash and Cash Equivalents at end of period	**1,089,901**	**646,408**

Note 1:
Cash and cash equivalents comprise of the following balances:

	RM'000	RM'000
Cash and bank balances	688,582	321,317
Short term deposits	454,961	325,091
Bank overdraft	(31,432)	-
	1,112,111	646,408
Deposits pledged	(22,210)	-
	1,089,901	646,408

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

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V. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Parent					Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Other Reserves	Retained profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Nine months to 31 Oct 2012 (Unaudited)							
At 1 February 2012	- *	-	708,748	584,476	1,293,224	332,120	1,625,344
Capital repayment	-	-	(760,681)	-	(760,681)	-	(760,681)
Shares issued pursuant to the merger exercise (Note 10(a))	5,004,366	242,886	-	-	5,247,252	-	5,247,252
Arising from acquisition of subsidiaries	-	-	8,955	-	8,955	-	8,955
Total comprehensive income	-	-	(835)	400,702	399,867	93,438	493,305
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	2,722	2,722
Dividend to non-controlling interest of a subsidiary	-	-	-	-	-	(54,464)	(54,464)
At 31 October 2012	5,004,366	242,886	(43,813)	985,178	6,188,617	373,816	6,562,433
Nine months to 31 Oct 2011 (Unaudited)							
At 1 February 2011	- *	-	722,823	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	-	-	738,940	536,461	1,275,401	344,175	1,619,576

* Represents a balance of RM2.00

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 FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed consolidated interim financial statements, for the period ended 31 October 2012, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

These condensed consolidated interim financial statements form part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 January 2013. MFRS 1 *First-Time Adoption of Malaysian Financial Reporting Standards* ("MFRS 1") has been applied.

2. First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

The Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* ("MFRS 1") for the first time in these condensed consolidated interim financial statements. For the periods up to and including the period ended 31 January 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

In preparing its opening MFRS Statement of Financial Position as at 1 February 2011 (which is also the date of transition), the Group has considered the transition from FRS to MFRS and no adjustments were required to be made to the amounts previously reported in financial statements prepared in accordance with FRS. The transition from FRS to MFRS also, has not resulted in a material impact on the condensed consolidated statement of financial position, condensed consolidated statement of comprehensive income and condensed consolidated statement of cash flows.

3. Significant accounting policies and application of MFRS 1

The financial information presented herein has been prepared in accordance with the accounting policies expected to be used in preparing the annual consolidated financial statements for 31 January 2013 under the MFRS framework.

The audited financial statements of the Group for the year ended 31 January 2012 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 January 2012 except as discussed below:

(a) Business combinations

MFRS 1 provides the option to apply MFRS 3 Business Combinations prospectively from the date of transition, or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition:

(i) The classification of former business combination under FRS is maintained;

(ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and

(iii) The carrying amount of goodwill recognised under FRS is not adjusted.

(b) Property, plant and equipment

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS 16 (Revised) Property, Plant and Equipment which was effective for period ending on or after 1 September 1998. By virtue of this transitional provision, the Group has recorded a vessel at revalued amount but had not adopted a policy of revaluation and continued to carry the vessel on the basis of their previous revaluation in 1998 subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments. Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment, where there is no change to net assets.

(c) Foreign currency translation reserve

Under FRS, the Group recognised translation differences on foreign operations in a separate component of equity. MFRS 1 exemption allows the cumulative translation for all foreign operations deemed to be zero at the date of transition.

Upon transition to MFRS, the Group has elected to maintain the foreign currency translation reserve.

(d) Estimates

The estimates at 1 February 2011 and at 31 January 2012 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at the date of transition to MFRS i.e. 1 February 2011 and as at 31 January 2012.

4. Seasonality and cyclicality of operations

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

5. 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.

6. Changes in estimates

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

7. Debts and equity securities

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

8. Segment information

	9 months to 31/10/2012	
	Segment Revenue	Segment Results
	RM'000	RM'000
Offshore Construction and Subsea Services	2,898,855	490,802
Energy and Joint Ventures	456,185	160,911
Drilling, Geotech and Maintenance Services	285,263	25,425
Fabrication, Hook-up Commissioning and Offshore Vessel Support	1,314,560	219,792
		896,930
Others		
Finance costs of debt securities	-	(27,969)
Corporate and others	-	(247,059)
Consolidated revenue / profit before tax	**4,954,863**	**621,902**

9. Subsequent event

On 5 November 2012, the Company had entered into a non-binding memorandum of understanding with Seadrill Limited ("Seadrill") with respect to the proposed combination and integration of the tender rig businesses of both the Company and Seadrill ("MOU") ("Proposed Transaction").

The MOU envisages that upon the completion of the Proposed Transaction, the enlarged tender rig business under the Company will comprise 16 wholly-owned tender rigs in operation (including the KM1 rig currently owned by the Company), 5 of which are currently 51% owned and managed through our existing joint-venture with Seadrill (under Varia Perdana Sdn Bhd and Tioman Drilling Company Sdn Bhd). It will also include an additional 5 units that are currently under construction, 3 of which will be acquired through the Proposed Transaction and are expected to be delivered in 2013 ("Newbuilds"). In addition, the Company will also be offered the right to be the manager for 3 tender rigs which are not part of the Proposed Transaction. These rigs, West Vencedor, T-15 and T-16, are currently either owned or planned to be owned by Seadrill Partners LLC and are therefore not included in the Proposed Transaction.

Pursuant to the MOU, both the Company and Seadrill have agreed to negotiate the terms of the sale agreement and related transaction agreement(s) for the Proposed Transaction which are expected to be entered into subject to, among others, satisfactory completion of the due diligence by the Company and satisfaction of the terms and conditions set out in the MOU. The MOU is effective until the date of execution of the definitive agreement, 21 January 2013 or date of the mutual termination of the MOU given in writing by both the Company and Seadrill, whichever is the earliest.

10. Changes in the composition of the Group

(a) On 15 May 2012, the Company completed the acquisition of the businesses and undertakings, including all assets and liabilities of SapuraCrest Petroleum Berhad ("SCPB or SapuraCrest") and Kencana Petroleum Berhad ("KPB or Kencana") (the "Acquisitions"). In accordance with MFRS 3 Business Combinations, the entity that obtains control of the acquiree will be identified as the acquirer. However, as the Company is a new entity which was formed to undertake the Acquisitions, one of the entities that existed before the completion shall be identified as the acquirer. Taking into consideration the guidance in MFRS 3 Business Combinations, SCPB has been identified as the deemed acquirer. Accordingly, the acquisition of SCPB was accounted for using the merger accounting (pooling of interest method) whereas the acquisition of the businesses and undertakings of Kencana was accounted for using the acquisition method.

The provisional fair value of the identifiable assets and liabilities of Kencana's business as at the date of acquisition was:

	Fair value recognised on acquisition RM'000
Assets	
Property, plant and equipment	1,734,077
Intangible assets	47,246
Expenditure on oil and gas properties	270,582
Investments in associates	88,983
Inventories	86,449
Trade and other receivables	527,982
Cash and cash equivalents	730,082
	3,485,401
Liabilities	
Trade and other payables	(442,003)
Borrowings	(1,454,443)
Deferred tax liabilities	(27,571)
	(1,924,017)
Net identifiable assets	1,561,384
Less : Non-controlling interest	(2,722)
Group's interest in fair value of net identifiable assets	1,558,662
Goodwill arising on acquisition	4,771,662
Total cost of business combination	6,330,324
Purchase consideration consist of:	
Issuance of new ordinary shares of par value of RM1 each	5,361,635
Cash	968,689
	6,330,324
Analysis of cash flows on acquisition	
Total cash paid	968,689
Less: Cash and cash equivalents of subsidiaries acquired	(730,082)
Net cash flow on acquisition	238,607

The fair value adjustments were provisional and the final allocation of the purchase price will be determined after the completion of a final analysis (to be completed within one year from acquisition date) to determine the fair values of acquired tangible assets and liabilities and identifiable intangible assets.

The condensed consolidated interim financial statements include the results of Kencana's businesses for the five and a half months period from the date of acquisition. Kencana's businesses have contributed RM1,359,795,000 of revenue and RM222,299,000 to the profit after tax of the Group from the date of acquisition.

(b) On 13 July 2012, the Company, through its wholly-owned subsidiary, Geomark Sdn Bhd ("Geomark") entered into a Share Sale Agreement with Quippo Prakash Marine Holdings Pte Ltd ("QPMH"), MDL Energy Pvt Ltd ("MDL"), Quippo Oil and Gas Infrastructure Ltd ("QOGIL") (collectively referred as "the Vendors") to acquire 74,000 ordinary shares of SGD1.00 each in Quippo Prakash Pte Ltd ("QP") ("Sale Shares") which is equivalent to 74% of the issued and paid-up capital of QP ("Agreement"). Geomark acquired the Sale Shares from the Vendors for the sum of USD22,549,617.11 or RM70,384,120.00 ("Consideration").

The Consideration was arrived at on a willing buyer-willing seller basis after taking into consideration QP's audited consolidated net assets as at 31 March 2012 as well as the market valuation of the derrick lay barge QP2000 ("the Vessel") which has lifting capacity of up to 2,000 metric tonnes. QP is the owner of the Vessel. The Consideration was satisfied entirely by cash.

The acquisition was completed on 28 August 2012. With the completion of the acquisition, QP became a wholly-owned subsidiary of the Company.

The provisional fair value of the identifiable assets and liabilities of QP's business as at the date of acquisition was:

	Fair value recognised on acquisition RM '000
Assets	
Property, plant and equipment	468,901
Deferred tax assets	13,428
Trade receivables	1,125
Other receivables	5,768
Amount due from related companies	721
Cash and bank balances	25,800
	515,743
Liabilities	
Derivative financial liabilities	(2,028)
Borrowings	(281,295)
Deferred tax liabilities	(40,562)
Other payables	(1,736)
Amount due to holding co	(19,786)
Tax payables	(18,533)
	(363,940)
Share of net assets acquired	151,803
Reserves arising from acquisition	(41,950)
Total cost of business consideration	109,853
Purchase consideration consist of:	
Portion discharged by non-cash consideration	39,469
Cash	70,384
	109,853

The condensed consolidated interim financial statements include the results of QP's businesses for the two months period from the date of acquisition. QP's businesses have contributed RM3,378,000 to the profit after tax of the Group from the date of acquisition.

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

11. Contingent liabilities

As at 31 October 2012, the Group has provided corporate guarantees of RM569.5 million to financial institutions for credit facilities granted to jointly-controlled entities (as compared to RM517.7 million as at 31 January 2012).

12. 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 2012 are as follows:

Approved and contracted for:

	RM'000
Group	1,739,126
Share of capital commitment in jointly-controlled entities	1,104,428
Total	2,843,554

13. Taxation

Taxation comprises the following:

	Current quarter ended 31/10/2012 RM'000	Preceding year Corresponding quarter ended 31/10/2011 RM'000	Current 9 months to 31/10/2012 RM'000	Preceding year Corresponding 9 months to 31/10/2011 RM'000
Malaysian taxation				
- Current taxation	61,013	18,815	149,888	58,877
- (Over)/under provision in respect of prior year	(15)	504	-	504
Foreign taxation				
- Current taxation	(896)	(146)	1,390	28
Deferred taxation				
- Over provision in respect of prior year	(3,398)	(2,261)	(3,372)	(2,014)
	56,704	16,912	147,906	57,395

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

There were no other corporate proposals announced but not completed as at the date of this announcement, except for the proposal disclosed in Note 9.

(b) Status of utilisation of proceeds

(aa) 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 June 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	

(bb) Private placement

The utilisation of proceeds of RM396.74 million raised from the Private Placement as at 5 December 2012 (being a date not earlier than 7 days from the date of issue of the quarterly report) is as follows:

No.	Purpose	Actual utilisation RM '000
(i)	Expenses for corporate exercise	25,889
(ii)	Capital expenditure	105,392
(iii)	Working capital	76,451
(iv)	Repayment of bank borrowings	92,211
(v)	Investment in subsidiaries	96,798
	Total	396,741

The above actual utilisation is in line with the intended utilisation of the Private Placement as announced on 3 December 2010.

15. Borrowings

The Group's borrowings as at 31 October 2012 are as follows:

	Long term borrowings			Short term borrowings			Total
	Secured	Unsecured	Total	Secured	Unsecured	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Domestic Banks	3,330,223	-	3,330,223	641,213	592,150	1,233,363	4,563,586
Foreign Banks	323,439	-	323,439	63,466	-	63,466	386,905
Debt securities							
- Istisna' Bonds	129,369	-	129,369	59,703	-	59,703	189,072
- Murabahah Commercial Papers	-	-	-	89,766	-	89,766	89,766
- Sukuk Mudharabah Program	668,073	-	668,073	-	-	-	668,073
	4,451,104	-	4,451,104	854,148	592,150	1,446,298	5,897,402

The above includes borrowings in US Dollars equivalent to RM2.0 billion and Australian Dollars equivalent to RM37.4 million.

16. Derivative financial instrument

Details of the Group's derivative financial instruments outstanding as at 31 October 2012 are as follows:

	Contract/Notional Amount At 31 October 2012 RM'mil	Asset/(Liability) Fair Value RM'mil
Cross Currency Interest Rate Swap (CCIRS)	245.0	-
- Less than 1 year	-	0.6
- 1 year to 3 years	-	2.9
	245.0	3.5

There is no change in respect of the following since the last financial year ended 31 January 2012:

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 arising from fair value changes of financial liabilities is as follows:

Type of financial liability	Current quarter RM'mil	Period to date RM'mil	Basis of fair value measurement	Reasons for gain
CCIRS	0.8	0.4	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 favor of the Group since the last measurement date.

17. 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 RM'000	Jointly-controlled entities RM'000	Consolidation adjustments RM'000	Group retained profits RM'000
As at 31 October 2012				
Realised profits/(losses)	1,527,363	90,662	(559,522)	1,058,503
Unrealised losses/(profits)	(69,274)	(11,845)	7,794	(73,325)
	1,458,089	78,817	(551,728)	985,178

18. Material litigation

A demand was made by Sarku Engineering Services Sdn Bhd ("SESSB"), a wholly-owned subsidiary of the Company, on 4 April 2012 against Oil & Natural Gas Corporation Ltd ("ONGC") in connection with the claims for the performance of works by SESSB to revamp 26 well platforms located in Mumbai High South field offshore pursuant to a contract entered between SESSB and ONGC on 20 February 2006 ("Contract") for a sum of INR977,569,460.70 (approximately RM58.26 million converted at an exchange rate of INR1:RM0.0596) and USD123,855,262.86 (approximately RM379.61 million converted at an exchange rate of USD1:RM3.065) including interest, costs, losses and damages.

Under the Contract, SESSB can elect to refer the disputes and seek to recover its claims by way of arbitration. SESSB has been advised by its solicitors that SESSB has a reasonable basis for its claims. SESSB has sent its Notice of Arbitration on 28 May 2012. SESSB had, on 21 September 2012, commenced Arbitration Proceedings by filling a Statement of Claim against ONGC in relation to disputes pursuant to the Contract.

On 9 November 2012, ONGC filed a request for a five-week extension to file its reply. SESSB expects that the tribunal will grant ONGC's request. SESSB also expects the time for exchange of documents will be extended.

Saved as disclosed above, there was no material litigation that may, upon materialisation, have a material effect on the Group's financial results or position.

19. Review of performance compared to the immediate preceding quarter

The Group's revenue for current quarter has increased by RM158.0 million or 7.7% as compared to preceding quarter, mainly due to higher revenue recorded in OCSS segment, contributed by SapuraClough business and higher hook-up commissioning activities due to change orders from several contracts.

However, profit before taxation for current quarter has marginally decreased by RM14.7 million or 5.3% as compared to preceding quarter, due to lower works in drilling business unit and lower vessels utilisation in geotechnical business unit due to dry docking and repair maintenance works.

20. Review of performance for the current quarter to date

Current quarter compared to the corresponding quarter of the preceding year

RM'000	Revenue 3 months to		Profit Before Taxation 3 months to	
	31/10/2012	31/10/2011	31/10/2012	31/10/2011
Consolidated Total	2,215,524	745,757	261,315	136,400
Business Segments:				
Offshore Construction & Subsea Services ("OCSS")	1,294,402	484,474	210,326	117,406
Energy & Joint Ventures ("EJV")	149,009	172,932	48,968	73,450
Drilling, Geotech & Maintenance Services ("DGMS")	104,733	46,381	6,758	(4,050)
Fabrication, Hook-up Commissioning & Offshore Vessel Support ("Fab & HUC")	667,380	41,970	103,817	7,829
Corporate and Others	-	-	(108,554)	(58,235)
	2,215,524	745,757	261,315	136,400

OCSS

The segment revenue for current quarter has increased by RM809.9 million or 167.2% as compared to corresponding quarter in the preceding year, mainly due to higher scope of works for Pan Malaysia contracts, in line with client planned activities and contributions from several new contracts executed during the current quarter. In addition, revenue for the segment improved as a result of contribution from SapuraClough's business acquired in December 2011 and Kencana's business subsequent to merger of SapuraCrest and Kencana.

Profit before taxation recorded an increase of RM92.9 million or 79.1% as compared to corresponding quarter in the preceding year, consistent with the increase in the segment revenue and favourable results recorded in jointly-controlled entities from international projects.

EJV

The segment revenue and profit before taxation for current quarter decreased by 13.8% or RM23.9 million and RM24.5 million or 33.3% respectively, principally due to lower drilling works in line with client planned activities as well as higher cost relating to building capabilities in energy business unit.

DGMS

The segment revenue for current quarter has increased by RM58.4 million or 125.8% as compared to corresponding period in the preceding year. DGMS recorded a turnaround from loss of RM4.0 million in the preceding year compared to profit of RM6.8 million in the current period, mainly due to the inclusion of Kencana's businesses results subsequent to merger of SapuraCrest and Kencana.

Fab & HUC

The segment revenue and profit before taxation for current quarter have increased by RM625.4 million or 1490.1% and RM96.0 million or 1226.1% respectively as compared to corresponding period in the preceding year, mainly due to the inclusion of Kencana's businesses results subsequent to merger of SapuraCrest and Kencana.

Corporate

The segment loss before taxation for current quarter has increased by RM50.3 million or 86.4% as compared to corresponding period in the preceding year, mainly due to the inclusion of Kencana's businesses results subsequent to merger of SapuraCrest and Kencana and one-off merger related expenses.

Current financial year compared to nine months of the preceding year

RM'000	Revenue 9 months to		Profit Before Taxation 9 months to	
	31/10/2012	31/10/2011	31/10/2012	31/10/2011
Consolidated Total	4,954,863	1,995,968	621,902	397,195
Business Segments:				
OCSS	2,898,855	1,219,551	490,803	288,802
EJV	456,185	520,713	160,911	214,267
DGMS	285,263	113,249	25,425	(12,773)
Fab & HUC	1,314,560	142,455	219,792	3,772
Corporate and Others	-	-	(275,029)	(96,873)
	4,954,863	1,995,968	621,902	397,195

OCSS

The segment revenue for current period has increased by RM1.68 billion or 137.7% as compared to corresponding period in the preceding year, mainly due to higher scope of works for Pan Malaysia contracts, consistent with client planned activities for current period and contribution from several new contracts executed during the current period. In addition, the revenue for the segment improved as a result of contribution from SapuraClough's business that was acquired in December 2011 and Kencana's business subsequent to merger of SapuraCrest and Kencana.

Profit before taxation recorded an increase of RM202.0 million or 69.9% as compared to corresponding period in the preceding year which is consistent with the increase in the segment revenue and favourable results recorded in jointly-controlled entities from international projects.

EJV

The segment revenue and profit before taxation for current period has decreased by RM64.5 million or 12.4% and RM53.4 million or 24.9% respectively as compared to corresponding period in the preceding year, mainly due to lower drilling works in line with client planned activities and increased business development expenses as well as cost relating to building capabilities in energy business unit even though the newly acquired subsea engineering services contributed positively to the segment.

DGMS

The segment revenue for current period has increased by RM172.0 million or 151.9% as compared to the same quarter in the preceding year. DGMS recorded a turnaround from loss of RM12.8 million in the preceding year compared to profit of RM25.4 million in the current period, mainly due to the inclusion of Kencana's businesses results subsequent to merger of SapuraCrest and Kencana and higher activities in geotechnical and maintenance services.

Fab & HUC

The segment revenue and profit before taxation for current period has increased by RM1.17 billion or 822.8% and RM216.0 million or 5726.9% respectively as compared to the same quarter in the preceding year, mainly due to the inclusion of Kencana's businesses results subsequent to merger of SapuraCrest and Kencana.

Corporate

The segment loss before taxation for current period has increased by RM178.2 million or 183.9% as compared to corresponding period in the preceding year, mainly due to the inclusion of Kencana's businesses results subsequent to merger of SapuraCrest and Kencana and one-off merger related expenses.

21. (a) Commentary on prospects

The capital spending in the upstream oil and gas sector is expected to remain strong. This includes enhancing recovery from existing fields and development of small and marginal fields.

The Group expects its core businesses to remain encouraging. This is in view of the Group's strong order book which will ensure sustained revenue growth and profits for the next few years.

The Group has achieved a major milestone on 20 October 2012 when Berantai field commenced production of its gas. Berantai project is the first Risk Service Contract awarded in Malaysia and the result of which meets PETRONAS' goals of growing domestic gas production and building local capabilities. In addition, the Group's proposed acquisition of tender rig business of Seadrill will provide strategic platform to become the world market leader in tender rig business.

Given these circumstances, the Board of Directors is reasonably confident that the prospect of the Group remains positive.

(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 does not recommend any dividend for the current quarter under review.

23. Earnings per share

	Individual Quarter		Cumulative Quarter	
	3 months to		9 months to	
Basic/diluted	**31/10/2012**	**31/10/2011**	**31/10/2012**	**31/10/2011**
Profit attributable to owners of the Parent (RM'000)	182,519	83,135	400,702	233,712
Number of ordinary shares in issue ('000)	5,004,366	- *	5,004,366	- *
Basic/diluted earnings per share (sen)	3.65	N/A	8.01	N/A

* Represent 2 ordinary shares in issue

By Order of the Board

Selangor
10 December 2012

Mohamad Affendi bin Yusoff
Henry Ng

Company Secretaries