

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 JULY 2016

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Quarter		Cumulative Quarter	
	Current year quarter <b>31/07/2016</b> RM'000	Preceding year corresponding quarter <b>31/07/2015</b> RM'000	Six months to <b>31/07/2016</b> RM'000	Six months to <b>31/07/2015</b> RM'000
<b>1. Revenue</b>	<b>1,675,335</b>	<b>2,803,528</b>	<b>3,616,779</b>	<b>5,061,698</b>
Other operating income	1,336,161	4,903	1,346,488	6,941
Operating expenses	(1,882,032)	(1,857,928)	(3,244,208)	(3,322,751)
<b>Profit from operations</b>	<b>1,129,464</b>	<b>950,503</b>	<b>1,719,059</b>	<b>1,745,888</b>
Depreciation and amortisation	(895,325)	(320,953)	(1,217,096)	(658,510)
Provision for impairment on oil and gas properties	-	(539,851)	-	(539,851)
Finance income	5,531	6,126	12,078	8,842
Finance costs	(195,128)	(172,970)	(387,832)	(352,622)
Net foreign exchange gain/(loss)	3,579	96,752	(33,320)	109,006
Share of profit from associates and joint venture companies	138,535	41,528	218,385	84,724
<b>Profit before taxation</b>	<b>186,656</b>	<b>61,135</b>	<b>311,274</b>	<b>397,477</b>
Taxation	(75,014)	43,136	(89,606)	(31,982)
<b>Profit after taxation</b>	<b>111,642</b>	<b>104,271</b>	<b>221,668</b>	<b>365,495</b>
Attributable to:				
Owners of the Parent	112,266	104,085	222,576	364,780
Non-controlling interests	(624)	186	(908)	715
	<b>111,642</b>	<b>104,271</b>	<b>221,668</b>	<b>365,495</b>
<b>2. Earnings per share (sen)</b>				
Basic/Diluted	<b>1.89</b>	<b>1.74</b>	<b>3.74</b>	<b>6.11</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 SECOND QUARTER ENDED 31 JULY 2016

THE FIGURES HAVE NOT BEEN AUDITED

II. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current year quarter  31/07/2016 RM'000	Preceding year corresponding quarter  31/07/2015 RM'000	Six months to 31/07/2016 RM'000	Six months to 31/07/2015 RM'000
Profit after taxation	111,642	104,271	221,668	365,495
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified to income statements in subsequent periods:</i>				
Foreign currency translation differences	266,732	511,677	(171,907)	407,344
Share of other comprehensive income of associated and joint venture companies:				
- Foreign currency translation differences	74,000	(28,947)	16,274	(21,613)
- Hedging reserve	(22,389)	5,172	(22,183)	(35,016)
Total comprehensive income	<u>429,985</u>	<u>592,173</u>	<u>43,852</u>	<u>716,210</u>
Attributable to:				
Owners of the parent	429,538	591,884	44,466	715,582
Non-controlling interests	447	289	(614)	628
Total comprehensive income	<u>429,985</u>	<u>592,173</u>	<u>43,852</u>	<u>716,210</u>

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 SECOND QUARTER ENDED 31 JULY 2016

THE FIGURES HAVE NOT BEEN AUDITED

III. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>UNAUDITED</b>	<b>AUDITED</b>
	As at end of current financial period <b>31/07/2016</b> RM'000	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	14,416,592	14,905,658
Expenditures on oil and gas properties	3,995,264	4,707,681
Goodwill on consolidation	8,084,559	8,176,803
Other intangible assets	49,950	64,679
Investment in associates and joint venture companies	1,840,144	1,568,502
Deferred tax assets	169,859	211,360
Trade receivables	31,064	28,937
	<u>28,587,432</u>	<u>29,663,620</u>
<b>Current assets</b>		
Inventories	578,132	572,236
Trade and other receivables	4,379,340	4,114,059
Tax recoverable	172,690	194,554
Cash and cash equivalents	2,710,154	1,947,527
	<u>7,840,316</u>	<u>6,828,376</u>
<b>TOTAL ASSETS</b>	<b><u>36,427,748</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	(160,000)	(80,000)
Other reserves	1,643,824	1,821,934
Retained profits	2,621,185	2,398,609
	<u>12,171,419</u>	<u>12,206,953</u>
<b>Non-controlling interests</b>	<u>5,440</u>	<u>6,054</u>
<b>Total equity</b>	<b><u>12,176,859</u></b>	<b><u>12,213,007</u></b>
<b>Non-current liabilities</b>		
Borrowings	15,081,176	16,238,029
Other payables	443,494	24,112
Provision for assets retirement obligation	174,854	202,809
Deferred tax liabilities	1,186,499	1,269,502
	<u>16,886,023</u>	<u>17,734,452</u>
<b>Current liabilities</b>		
Borrowings	3,110,460	2,091,138
Trade and other payables	4,172,518	4,338,600
Provision for assets retirement obligation	12,102	33,126
Provision for taxation	69,786	81,673
	<u>7,364,866</u>	<u>6,544,537</u>
<b>TOTAL LIABILITIES</b>	<b><u>24,250,889</u></b>	<b><u>24,278,989</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>36,427,748</u></b>	<b><u>36,491,996</u></b>
<b>Net assets per share (RM)</b>	<b><u>2.06</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 SECOND QUARTER ENDED 31 JULY 2016

THE FIGURES HAVE NOT BEEN AUDITED

IV. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED Six months to 31/07/2016 RM'000	UNAUDITED Six months to 31/07/2015 RM'000
<b>Profit before taxation</b>	<b>311,274</b>	<b>397,477</b>
Adjustments	1,414,316	1,405,785
Operating profit before working capital changes	1,725,590	1,803,262
Changes in working capital	(237,656)	(983,132)
<b>Cash generated from operations</b>	<b>1,487,934</b>	<b>820,130</b>
Taxation paid	(99,560)	(110,066)
<b>Net cash generated from operating activities</b>	<b>1,388,374</b>	<b>710,064</b>
<b>Cash flows from investing activities</b>		
Purchase of shares held under trust	(80,000)	-
Purchase of property, plant and equipment	(61,061)	(245,690)
Additional investment in joint venture companies	-	(9,335)
Expenditure on oil and gas properties	(188,652)	(51,883)
Net advances to joint venture companies	(59,166)	(58,064)
Dividends received from a joint venture company	-	125,022
Other items	13,935	4,847
<b>Net cash used in investing activities</b>	<b>(374,944)</b>	<b>(235,103)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(426,804)	(244,248)
Dividend paid on ordinary shares	-	(119,436)
Net drawdown of revolving credit, term loans, Islamic Facility and Sukuk Programme	189,567	369,929
Net (repayment)/drawdown of hire purchase and lease financing	(4,037)	1,844
<b>Net cash (used in)/generated from financing activities</b>	<b>(241,274)</b>	<b>8,089</b>
<b>Net increase in cash and cash equivalents</b>	<b>772,156</b>	<b>483,050</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,947,527</b>	<b>1,256,551</b>
<b>Effect of exchange rate translation</b>	<b>(9,529)</b>	<b>50,737</b>
<b>Cash and cash equivalents at end of period</b>	<b>2,710,154</b>	<b>1,790,338</b>

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 SECOND QUARTER ENDED 31 JULY 2016

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>Six months to 31 July 2016</b>								
<b>(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>	-	-	-	(178,110)	222,576	44,466	(614)	43,852
<b>Transaction with owners:</b>								
Purchase of shares held under trust	-	-	(80,000)	-	-	(80,000)	-	(80,000)
<b>Total transaction with owners</b>	-	-	(80,000)	-	-	(80,000)	-	(80,000)
At 31 July 2016	<u>5,992,155</u>	<u>2,074,255</u>	<u>(160,000)</u>	<u>1,643,824</u>	<u>2,621,185</u>	<u>12,171,419</u>	<u>5,440</u>	<u>12,176,859</u>

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

	Attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Shares held under trust	Other reserves	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Six months to 31 July 2015 (Unaudited)</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>	-	-	-	350,802	364,780	715,582	628	716,210
<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 July 2015	<u>5,992,155</u>	<u>2,074,255</u>	<u>(80,000)</u>	<u>1,079,631</u>	<u>3,554,944</u>	<u>12,620,985</u>	<u>7,578</u>	<u>12,628,563</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 period ended 31 July 2016 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 period ended 31 July 2016 should be read in conjunction with the audited financial statements for the financial year ended 31 January 2016 ("FY2016").

The accounting policies and methods of computation adopted by 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 period, other than as disclosed in these interim financial statements.

### 4. Changes in estimates

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

## 5. Debt and equity securities

During the current quarter, the Company purchased shares held under trust for the share bonus scheme for eligible employees, totalling RM80 million via a trustee established by the Company. There were no other transactions during the current quarter other than as disclosed.

## 6. Significant and subsequent events

### 6.1 Significant event

On 11 July 2016, the Company announced that the Group had reached a mutual agreement with Petroliam Nasional Berhad ("PETRONAS") for the cessation of the Berantai Risk Service Contract ("Berantai RSC"). The key financial impact to the condensed consolidated income statement and condensed consolidated statement of financial position in relation to the cessation of the Berantai RSC are as follows:

	<b>Increase/ (Decrease) RM'000</b>
<b>Condensed Consolidated Income Statement</b>	
Other operating income	1,336,488
Operating expenses	763,767
Depreciation and amortisation	607,412
Share of profit from joint venture companies	<u>81,570</u>
<b>Condensed Consolidated Statement of Financial Position</b>	
Expenditures on oil and gas properties	(592,411)
Investment in joint venture companies	81,570
Trade and other receivables	1,314,594
Trade and other payables	<u>749,409</u>

### 6.2 Subsequent event

There was no material event subsequent to 31 July 2016 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 period.

## 8. Contingent liabilities

The Group has provided corporate guarantees to financial institutions for credit facilities granted to joint venture companies amounting to RM1,588.6 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 statement as at 31 July 2016 are as follows:

<b>Approved and contracted:</b>	<b>31/07/2016</b> RM'000
Group	<u>1,605,697</u>

As at the end of current quarter, there are no further capital commitments in the joint venture companies.

## 10. Taxation

Taxation comprises the following:

	Individual Quarter		Cumulative Quarter	
	Current year quarter <b>31/07/2016</b> RM'000	Preceding year corresponding quarter <b>31/07/2015</b> RM'000	Six months to <b>31/07/2016</b> RM'000	Six months to <b>31/07/2015</b> RM'000
Current taxation:				
Malaysian taxation	31,662	73,403	58,768	143,429
Foreign taxation	40,797	44,842	28,618	55,589
Deferred taxation	<u>2,555</u>	<u>(161,381)</u>	<u>2,220</u>	<u>(167,036)</u>
	<u>75,014</u>	<u>(43,136)</u>	<u>89,606</u>	<u>31,982</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 July 2016 and 31 January 2016 are as follows:

	<b>31/07/2016</b>	<b>31/01/2016</b>
	RM'000	RM'000
<b>Short term borrowings</b>		
Secured	9,308	9,709
Unsecured	3,101,152	2,081,429
	<u>3,110,460</u>	<u>2,091,138</u>
<b>Long term borrowings</b>		
Secured	9,977	13,605
Unsecured	15,071,199	16,224,424
	<u>15,081,176</u>	<u>16,238,029</u>
	<u>18,191,636</u>	<u>18,329,167</u>

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

	<b>31/07/2016</b>	<b>31/01/2016</b>
	RM'000	RM'000
United States Dollar	<u>14,497,800</u>	<u>14,613,714</u>

## 13. 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>31/07/2016</b>
	RM'000
Total retained profits of the Group	
- Realised	2,883,124
- Unrealised:	
- in respect of deferred tax	(1,016,780)
- in respect of other items of income statement	(14,323)
	<u>1,852,021</u>
Joint ventures and associated companies	
- Realised	623,174
- Unrealised:	
- in respect of other items of income statement	22,023
	<u>645,197</u>
Total Group retained profits	2,497,218
Add: Consolidation adjustments	123,967
Total Group retained profits as per consolidated accounts	<u>2,621,185</u>

#### 14. 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 5th, 6th, 23rd, 24th January 2017 and 6th, 7th, 8th February 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.

#### 15. Segment information

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

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

	<b>6 months to 31/07/2016</b>	
	<b>Revenue</b>	<b>Operating profit</b>
	RM'000	RM'000
E&C	1,821,054	198,646
Drilling	1,161,013	201,890
Energy	650,412	53,988
	<u>3,632,479</u>	<u>454,524</u>
Corporate expenses and eliminations	(15,700)	(143,250)
<b>Group revenue / profit before taxation</b>	<b><u>3,616,779</u></b>	<b><u>311,274</u></b>

## 16. Review of performance

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

	Revenue 3 months to		Operating profit/(loss) 3 months to	
	31/07/2016 RM'000	31/07/2015 RM'000	31/07/2016 RM'000	31/07/2015 RM'000
<b>Business Segments:</b>				
E&C	796,698	1,638,845	120,055	330,505
Drilling	537,724	783,822	50,252	222,450
Energy	353,270	449,948	52,609	(475,988)
	<u>1,687,692</u>	<u>2,872,615</u>	<u>222,916</u>	<u>76,967</u>
Corporate expenses and eliminations	<u>(12,357)</u>	<u>(69,087)</u>	<u>(36,260)</u>	<u>(15,832)</u>
<b>Group revenue/ profit before taxation</b>	<b><u>1,675,335</u></b>	<b><u>2,803,528</u></b>	<b><u>186,656</u></b>	<b><u>61,135</u></b>

#### Group

The Group revenue of RM1,675.3 million was 40.2% lower than RM2,803.5 million in the corresponding quarter of the preceding year ("Q2 FY2016").

The Group recorded profit before taxation of RM186.7 million, which was RM125.5 million higher than RM61.1 million in Q2 FY2016 due to the higher profit before taxation from Energy business segment. Included in Q2 FY2016 profit before taxation was provision for impairment on oil and gas properties of RM539.9 million.

The Group performance by business segments is further explained below.

#### Business Segments:

##### Engineering and Construction

The segment recorded revenue of RM796.7 million, which was 51.4% lower than RM1,638.8 million in Q2 FY2016 in line with lower activities during the current quarter.

The segment recorded profit before taxation of RM120.1 million, a decrease of 63.7% compared to RM330.5 million in Q2 FY2016. The decrease is in tandem with the lower revenue and its corresponding scope of works, offset by higher contribution from the joint venture companies.

##### Drilling

The segment revenue for the current quarter of RM537.7 million was RM246.1 million or 31.4% lower than RM783.8 million in Q2 FY2016, mainly due to the lower revenue from certain rigs which were off contract during the current quarter, compared to Q2 FY2016. The US Dollar denominated revenue decrease was partially cushioned by the favourable effect of US Dollar exchange rate against Ringgit Malaysia quarter on quarter.

The segment profit before taxation of RM50.3 million was 77.4% lower than RM222.5 million in Q2 FY2016 due to the lower revenue.

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

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

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

##### Energy

The segment recorded revenue of RM353.3 million, which was RM96.7 million lower than RM449.9 million in Q2 FY2016. The decrease is due to the lower average realised oil price achieved in the current quarter.

The profit before taxation of RM52.6 million was RM528.6 million higher than Q2 FY2016. Included in Q2 FY2016 loss before taxation was a provision for impairment on oil and gas properties of RM539.9 million.

Excluding the provision for impairment on oil and gas properties of RM539.9 million in Q2 FY2016, the segment's profit before taxation was lower by RM11.3 million or 17.6% as compared to RM63.9 million recognised in Q2 FY2016, in line with the lower revenue in the current quarter.

### 16.2 Current period vs. corresponding period of the preceding year

	Revenue 6 months to		Operating profit/(loss) 6 months to	
	31/07/2016 RM'000	31/07/2015 RM'000	31/07/2016 RM'000	31/07/2015 RM'000
<b>Business Segments:</b>				
E&C	1,821,054	2,739,950	198,646	517,895
Drilling	1,161,013	1,554,004	201,890	421,035
Energy	650,412	865,580	53,988	(416,632)
	<u>3,632,479</u>	<u>5,159,534</u>	<u>454,524</u>	<u>522,298</u>
Corporate expenses and eliminations	<u>(15,700)</u>	<u>(97,836)</u>	<u>(143,250)</u>	<u>(124,821)</u>
<b>Group revenue/ profit before taxation</b>	<b><u>3,616,779</u></b>	<b><u>5,061,698</u></b>	<b><u>311,274</u></b>	<b><u>397,477</u></b>

#### Group

The Group revenue of RM3,616.8 million was 28.5% lower than RM5,061.7 million in the corresponding period of the preceding year ("corresponding period").

The Group profit before taxation of RM311.3 million was RM86.2 million or 21.7% lower than RM397.5 million in the corresponding period, in line with the lower revenue. Included in the corresponding period was a provision for impairment on oil and gas properties of RM539.9 million.

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

### 16.2 Current period vs. corresponding period of the preceding year

#### Business Segments:

##### Engineering and Construction

The segment revenue for the current period of RM1,821.1 million was 33.5% lower compared to the corresponding period in line with lower activities during the current period.

The segment profit before taxation of RM198.6 million was 61.6% lower than the corresponding period, in line with the lower revenue and its corresponding scope of works, offset by higher contribution from the joint venture companies.

##### Drilling

The segment revenue for the current period of RM1,161.0 million was lower by 25.3% compared to the corresponding period, mainly due to certain rigs which were off contract during the period. The US Dollar denominated revenue decrease was partially cushioned by the favourable effect of US Dollar exchange rate against Ringgit Malaysia year on year.

The segment profit before taxation of RM201.9 million was 52.0% lower than RM421.0 million in the corresponding period due to the lower revenue.

##### Energy

The segment revenue for the current period of RM650.4 million was 24.9% lower compared to the corresponding period, mainly due to the lower average realised oil price achieved and lower barrels of oil lifted in current period.

The segment profit before taxation of RM54.0 million was higher than the corresponding period. Included in the corresponding period's loss before taxation was a provision for impairment on oil and gas properties of RM539.9 million.

Excluding the provision for impairment on oil and gas properties of RM539.9 million in the corresponding period, the current period profit before taxation was lower by RM69.2 million or 56.2% as compared to RM123.2 million recognised in the corresponding period, in line with the lower revenue.

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

Group revenue of RM1,675.3 million was 13.7% lower than the immediate preceding quarter ("Q1 FY2017") of RM1,941.4 million, primarily due to lower activities in the Engineering and Construction business segment and certain rigs which were off contract in the Drilling business segment during the current quarter. The Group profit before taxation of RM186.7 million was RM62.0 million or 49.8% higher than Q1 FY2017 Group profit before taxation of RM124.6 million, mainly due to the changes in foreign exchange and the effect of the cessation of the Berantai RSC.

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

The continued uncertainty in the oil price has resulted in prolonged low levels of capital spending within the oil and gas industry. In replenishing the order book, the Group continues to face stiff competition and pressure on margins. The Group's strategic focus remains on strengthening positions in existing markets and expanding into new markets, re-basing costs and enhancing operational efficiency.

The Board anticipates the challenging environment to persist, however, the Board is confident that the Group will be able to navigate the year satisfactorily.

**(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.

**19. Dividend**

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

**20. Earnings per share**

	Individual Quarter		Cumulative Quarter	
	3 months to		6 months to	
Basic/Diluted	31/07/2016	31/07/2015	31/07/2016	31/07/2015
Profit attributable to owners of the Parent (RM'000)	112,266	104,085	222,576	364,780
Weighted average number of ordinary shares in issue ('000)	5,932,676	5,971,797	5,952,236	5,971,797
Basic/diluted earnings per share (sen)	1.89	1.74	3.74	6.11

**By Order of the Board**

Kuala Lumpur  
28 September 2016

Izzam bin Ibrahim  
LS 0008731  
Group Company Secretary