

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 JULY 2012

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/07/2012 RM'000	Preceding year corresponding quarter 31/07/2011 RM'000	Six months to 31/07/2012 RM'000	Six months to 31/07/2011 RM'000
1. Revenue	2,057,512	699,395	2,739,339	1,250,211
Operating expenses	(1,706,995)	(556,001)	(2,249,058)	(963,090)
Other operating income	8,849	3,993	11,869	5,311
Profit from operations	359,366	147,387	502,150	292,432
Interest income	5,997	2,427	7,724	4,704
Interest expenses	(61,797)	(13,062)	(77,459)	(25,624)
Net fair value (loss)/gain on derivatives	(690)	1,083	(434)	4,101
Depreciation and amortisation	(56,287)	(21,161)	(87,677)	(40,799)
Net foreign exchange loss	(17,915)	(8,488)	(17,381)	(12,331)
Allowance for impairment on receivables	(1,054)	-	(1,054)	-
Share of results of associated companies and jointly-controlled entities	48,389	27,227	34,718	38,312
Profit before taxation	276,009	135,413	360,587	260,795
Taxation	(67,078)	(25,408)	(91,202)	(40,483)
Profit for the year	208,931	110,005	269,385	220,312
Attributable to :				
Owners of the Parent	176,522	78,232	218,183	150,577
Non-controlling interests	32,409	31,773	51,202	69,735
	208,931	110,005	269,385	220,312
2. Earnings per share (sen)				
Basic/Diluted	3.53	6.13	4.36	11.79

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

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 JULY 2012

THE FIGURES HAVE NOT BEEN AUDITED

II. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/07/2012 RM'000	Preceding year corresponding quarter 31/07/2011 RM'000	Six months to 31/07/2012 RM'000	Six months to 31/07/2011 RM'000
Profit for the year	208,931	110,005	269,385	220,312
Other comprehensive income:				
Foreign currency translation differences	30,690	(6,086)	84,540	(27,764)
Share of other comprehensive income of jointly-controlled entities	-	(6,350)	-	1,490
Total comprehensive income	<u>239,621</u>	<u>97,569</u>	<u>353,925</u>	<u>194,038</u>
Attributable to :				
Owners of the Parent	200,241	67,934	266,911	132,682
Non-controlling interests	39,380	29,635	87,014	61,356
	<u>239,621</u>	<u>97,569</u>	<u>353,925</u>	<u>194,038</u>

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

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

III. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED As at end of current quarter 31/07/2012 RM'000	AUDITED As at preceding financial year end 31/01/2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,423,050	1,446,851
Investment in jointly-controlled entities and associated companies	637,575	320,943
Expenditures on oil and gas properties	590,578	178,820
Goodwill on consolidation	4,984,491	211,883
Other intangible assets	52,288	8,360
Deferred tax assets	29,536	18,465
	<u>9,717,518</u>	<u>2,185,322</u>
Current assets		
Inventories	229,107	79,747
Trade and other receivables	2,923,565	1,252,940
Derivative financial assets	-	355
Cash and bank balances	1,462,445	704,911
	<u>4,615,117</u>	<u>2,037,953</u>
TOTAL ASSETS	<u>14,332,635</u>	<u>4,223,275</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	5,004,366	255,344
Share premium	242,885	505,337
Other reserves	5,750	(51,933)
Retained profits	802,659	612,976
	<u>6,055,660</u>	<u>1,321,724</u>
Non-controlling interests	<u>397,086</u>	<u>332,120</u>
Total equity	<u>6,452,746</u>	<u>1,653,844</u>
Non-current liabilities		
Borrowings	3,758,372	580,867
Derivative financial liabilities	2,017	1,508
Deferred tax liabilities	45,724	16,082
	<u>3,806,113</u>	<u>598,457</u>
Current liabilities		
Trade and other payables	2,454,786	1,120,725
Borrowings	1,573,831	829,795
Derivative financial liabilities	451	571
Taxation	44,708	19,883
	<u>4,073,776</u>	<u>1,970,974</u>
TOTAL LIABILITIES	<u>7,879,889</u>	<u>2,569,431</u>
TOTAL EQUITY AND LIABILITIES	<u>14,332,635</u>	<u>4,223,275</u>
Net assets per share (RM)	<u>1.21</u>	<u>1.04</u>

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

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

IV. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months to 31/07/2012 RM'000	Unaudited Six months to 31/07/2011 RM'000
Profit before tax	360,587	260,795
Adjustments:		
Depreciation and amortisation	87,677	40,799
Interest expenses	77,459	25,624
Interest income	(7,724)	(4,704)
Net fair value loss/(gain) on derivatives	502	(4,101)
Share of results of associates and jointly-controlled entities	(34,718)	(38,312)
Allowance for impairment on receivables	1,054	-
Net unrealised foreign exchange loss	50,397	12,268
Other items	(1,155)	(14)
Operating profit before working capital changes	534,079	292,355
Changes in working capital		
Increase in inventories	(62,911)	(17,038)
Increase in trade and other receivables	(721,412)	(77,670)
Changes in derivatives	242	-
Changes in balances with jointly-controlled entities	(435,554)	18,270
Increase/(decrease) in trade and other payables	853,386	(86,661)
Cash generated from operations	167,830	129,256
Interest paid	(24,814)	(17,841)
Taxation paid, net	(63,000)	(21,150)
Net cash generated from operating activities	80,016	90,265
Investing Activities		
Arising from merger exercise	(875,066)	-
Transaction expenses in relation to the merger exercise	(28,500)	-
Purchase of property, plant and equipment	(262,210)	(32,493)
Expenditures on oil and gas properties	(158,190)	-
Purchase of intangible assets	(674)	(1,104)
Investment in associates and jointly-controlled entities	(307,245)	(25,079)
Acquisition of subsidiaries	(149,624)	-
Proceeds from disposal of property, plant and equipment	3,328	94
Dividend to non-controlling interest of subsidiaries	(24,770)	(95,550)
Other items	8,038	4,688
Net cash used in investing activities	(1,794,913)	(149,444)
Financing Activities		
Redemption of Murabahah Commercial Paper (MCPs)	(5,000)	(5,000)
Redemption of Istisna Bonds	(30,000)	-
Drawdown/(repayment) of revolving credit, net	184,430	(93,354)
Drawdown of term loans, net	2,321,721	41,790
Drawdown of Ijarah facility, net	4,600	141,105
Repayment of hire purchase and lease financing	(3,000)	(123,239)
Net changes in short term borrowings	(6,401)	(13,751)
Net cash generated from/(used in) financing activities	2,466,350	(52,449)
Net changes in Cash and Cash Equivalents	751,453	(111,628)
Cash and Cash Equivalents at beginning of year	704,911	768,381
Effect of exchange rate translation	6,081	(11,843)
Cash and Cash Equivalents at end of period	1,462,445	644,910
 Note 1:		
Cash and cash equivalents comprise of the following balances:		
	RM'000	RM'000
Cash and bank balances	1,462,445	644,910

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

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

V. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Parent				Total	Non-	Total Equity
	Share Capital	Share Premium	Other Reserves	Retained profits		Total	Controlling Interests
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Six months to 31 July 2012							
(Unaudited)							
At 1 February 2012	255,344	505,337	(51,933)	612,976	1,321,724	332,120	1,653,844
Issuance of bonus issue	505,337	(505,337)	-	-	-	-	-
Capital repayment	(760,681)	-	-	-	(760,681)	-	(760,681)
Shares issued pursuant to the acquisition of subsidiaries and merger exercise	5,004,366	242,885	-	-	5,247,251	-	5,247,251
Adjustments arising from merger exercise	-	-	8,955	(28,500)	(19,545)	-	(19,545)
Total comprehensive income	-	-	48,728	218,183	266,911	87,014	353,925
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	2,722	2,722
Dividend to non-controlling interest of a subsidiary	-	-	-	-	-	(24,770)	(24,770)
At 31 July 2012	5,004,366	242,885	5,750	802,659	6,055,660	397,086	6,452,746
Six months to 31 July 2011							
(Unaudited)							
At 1 February 2011	255,344	505,337	(37,858)	372,969	1,095,792	325,618	1,421,410
Total comprehensive income	-	-	(17,895)	150,577	132,682	61,356	194,038
Dividend to non-controlling interest of a subsidiary	-	-	-	-	-	(95,550)	(95,550)
At 31 July 2011	255,344	505,337	(55,753)	523,546	1,228,474	291,424	1,519,898

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 July 2012, have been prepared in accordance with MFRS134, 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 are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 January 2013. MFRS1 *First-Time Adoption of Malaysian Financial Reporting Standards* ("MFRS1") 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* ("MFRS1") 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 cyclicity 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

	6 months to 31/07/12	
	Segment Revenue	Segment Results
	RM'000	RM'000
Offshore Construction and Subsea Services	1,604,452	280,476
Energy and Joint Ventures	307,177	111,943
Drilling, Geotech and Maintenance Services	180,530	18,667
Fabrication, Hook-up Commissioning and Offshore Vessel Support	647,180	115,976
		<hr/>
		527,062
Others		
Finance costs of debt securities	-	(15,471)
Investment holding and others *	-	(151,004)
Consolidated revenue / profit before tax	2,739,339	360,587

* Includes expenses relating to merger of SapuraCrest and Kencana of RM75.4 million

9. Subsequent event

- (a) On 13 July 2012, the Company, through its wholly-owned subsidiary, Geomark Sdn Bhd has 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") to acquire the remaining 74,000 ordinary shares of SGD1.00 each in Quippo Prakash Pte Ltd ("QP") which is equivalent to 74% of the issued and paid-up capital of QP.

Prior to this, Geomark has a 26% equity interest in QP and QP is a jointly-controlled entity of the Group. The acquisition of QP was completed on 28 August 2012 and with this completion, QP became a wholly-owned subsidiary of Geomark.

- (b) On 2 August 2012, the Company had acquired the entire issued and paid-up share capital of a private limited company incorporated in Malaysia known as Powertag Resources Sdn Bhd ("Powertag Resources") at a total cash consideration of RM2.00. Powertag Resources was incorporated on 18 February 2012 with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each while its issued and paid-up share capital is RM2.00 consisting of 2 ordinary shares of RM1.00 each.

Powertag Resources is expected to be utilised in furtherance to the future strategic plans of the Company.

10. Changes in the composition of the Group

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
	<u>3,485,401</u>
Liabilities	
Trade and other payables	(442,003)
Borrowings	(1,454,443)
Deferred tax liabilities	(27,571)
	<u>(1,924,017)</u>
Net identifiable assets	1,561,384
Less : Non-controlling interest	(2,722)
Group's interest in fair value of net identifiable assets	<u>1,558,662</u>
Goodwill arising on acquisition	4,771,662
Total cost of business combination	<u>6,330,324</u>
Purchase consideration consist of:	
Issuance of new ordinary shares of par value of RM1 each	5,361,635
Cash	968,689
	<u>6,330,324</u>
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	<u>238,607</u>

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 two and a half months period from the date of acquisition. Kencana's businesses have contributed RM653,025,885 of revenue and RM94,006,968 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 July 2012, the Group has provided corporate guarantees of RM524.9 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 July 2012 are as follows:

Approved and contracted for:

	RM'000
Group	2,014,920
Share of capital commitment in jointly-controlled entities	<u>1,200,880</u>
Total	<u>3,215,800</u>

13. Taxation

Taxation comprises the following:

	Current quarter ended 31/07/12 RM'000	Preceding year Corresponding quarter ended 31/07/11 RM'000	Current 6 months to 31/07/12 RM'000	Preceding year Corresponding 6 months to 31/07/11 RM'000
Malaysian taxation				
- Current taxation	65,198	25,110	88,875	40,063
- Under provision in respect of prior year	14	-	14	-
Foreign taxation				
- Current taxation	1,926	175	2,286	175
Deferred taxation				
- (Over)/under provision in respect of prior year	(60)	123	27	245
	<u>67,078</u>	<u>25,408</u>	<u>91,202</u>	<u>40,483</u>

The effective tax rate for the current quarter was 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.

(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 18 September 2012 (being a date not earlier than 7 days from the date of issue of the quarterly report) is as follows:

No.	Purpose	Actual utilization 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

Pursuant to the announcement dated 3 December 2010, the gross proceeds are expected to be utilised for capital expenditure, investment opportunities and business expansion in the oil and gas industry or related industries which have yet to be identified. In addition, the proceeds may also be used for working capital and/or repayment of borrowings as well as to defray estimated expenses in relation to the Fundraising Proposals.

15. Borrowings

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

	<u>Long term borrowings</u>			<u>Short term borrowings</u>			<u>Total</u>
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000	RM'000
Domestic Banks	3,065,126	-	3,065,126	754,681	620,645	1,375,326	4,440,452
Foreign Banks	63,196	-	63,196	49,863	-	49,863	113,059
Debt securities							
- Istisna' Bonds	159,210	-	159,210	59,693	-	59,693	218,903
- Murabahah Commercial Papers	-	-	-	88,949	-	88,949	88,949
- Sukuk Mudharabah Program	470,840	-	470,840	-	-	-	470,840
	<u>3,758,372</u>	<u>-</u>	<u>3,758,372</u>	<u>953,186</u>	<u>620,645</u>	<u>1,573,831</u>	<u>5,332,203</u>

The above includes borrowings in US Dollars equivalent to RM1.58 billion and Australian Dollars equivalent to RM26.8 million.

16. Derivative financial instrument

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

	<u>Contract/Notional Amount At 31 July 2012 RM'mil</u>	<u>Asset/(Liability) Fair Value RM'mil</u>
Cross Currency Interest Rate Swap (CCIRS)	245.0	
- Less than 1 year	-	(0.5)
- 1 year to 3 years	-	(2.0)
	<u>245.0</u>	<u>(2.5)</u>

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

<u>Type of financial liability</u>	<u>Current quarter RM'mil</u>	<u>Period to date RM'mil</u>	<u>Basis of fair value measurement</u>	<u>Reasons for loss</u>
CCIRS	0.7	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 against 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	Jointly-controlled entities	Consolidation adjustments	Group retained profits
	RM'000	RM'000	RM'000	RM'000
As at 31 July 2012				
Realised profits/(losses)	1,384,040	34,801	(549,596)	869,245
Unrealised losses	(58,835)	(1,158)	(6,593)	(66,586)
	<u>1,325,205</u>	<u>33,643</u>	<u>(556,189)</u>	<u>802,659</u>

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 filing a Statement of Claim against ONGC in relation to disputes pursuant to the Contract.

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 revenue and profit before taxation for current quarter have increased by RM1.38 billion or 201.8% and RM191.4 million or 226.4% respectively as compared to preceding quarter. It is mainly due to the inclusion of Kencana's businesses results subsequent to the merger of SapuraCrest and Kencana and higher revenue recorded by OCSS segment in line with higher scope of works for Pan Malaysia contracts.

20. Review of performance for the current quarter to date

Current quarter compared to the corresponding quarter of the preceding year

RM'000	Revenue		Profit Before Taxation	
	3 months to 31/07/12	31/07/11	3 months to 31/07/12	31/07/11
Consolidated Total	2,057,512	699,395	276,009	135,413
Business Segments:				
Offshore Construction & Subsea Services ("OCSS")	1,199,878	441,543	212,976	107,434
Energy & Joint Ventures ("EJV")	158,890	169,056	77,404	62,216
Drilling, Geotech & Maintenance Services ("DGMS")	114,453	38,970	18,424	(2,168)
Fabrication, Hook-up Commissioning & Offshore Vessel Support ("Fab & HUC")	584,291	49,826	115,927	(6,639)
Corporate and Others	-	-	(148,722)	(25,430)
	<u>2,057,512</u>	<u>699,395</u>	<u>276,009</u>	<u>135,413</u>

OCSS

The segment revenue for current quarter has increased by RM758.3 million or 171.7% as compared to corresponding quarter in the preceding year. It is mainly due to higher scope of works for Pan Malaysia contracts, in line with client planned activities and contributions from several new contracts that were executed during the current quarter. In addition, the revenue for the segment improved significantly 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 RM105.5 million or 98.2% 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 the contract for Montara Development project.

EJV

The segment revenue for current quarter decreased marginally by 6.0% or RM10.2 million principally due to lower contribution from drilling business although the newly acquired subsea engineering services contributed additional revenue to the segment.

Despite the reduction in revenue, profit before taxation increased by RM15.2 million or 24.4% due to contribution from the newly acquired subsea engineering services in the current quarter while profit from drilling business was lower in the same quarter of the preceding year due to dry docking of a rig.

DGMS

The segment revenue for current quarter has increased by RM75.5 million or 193.7% as compared to corresponding period in the preceding year. DGMS recorded a turnaround from loss of RM2.2 million in the preceding year compared to profit of RM18.4 million in the current period, mainly due to the inclusion of Kencana's businesses results subsequent to merger of SapuraCrest and Kencana as well as contribution from higher activities in geotechnical services in this period.

Fab & HUC

The segment revenue for current quarter has increased by RM534.5 million or 1072.7% as compared to corresponding period in the preceding year. Fab & HUC recorded a turnaround from loss of RM6.6 million in the preceding year compared to profit of RM115.9 million in the current period, 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 RM123.3 million or 484.8% as compared to corresponding period in the preceding year, mainly due to merger expenses of RM75.4 million and the inclusion of Kencana's businesses results subsequent to merger of SapuraCrest and Kencana.

Current financial year compared to six months of the preceding year

RM'000	Revenue 6 months to		Profit Before Taxation 6 months to	
	31/07/12	31/07/11	31/07/12	31/07/11
Consolidated Total	2,739,339	1,250,211	360,587	260,795
Business Segments:				
OCSS	1,604,452	735,078	280,476	171,396
EJV	307,177	347,781	111,943	140,817
DGMS	180,530	66,870	18,667	(8,552)
Fab & HUC	647,180	100,482	115,976	(4,228)
Corporate and Others	-	-	(166,475)	(38,638)
	<u>2,739,339</u>	<u>1,250,211</u>	<u>360,587</u>	<u>260,795</u>

OCSS

The segment revenue for current period has increased by RM869.4 million or 118.3% 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 that were executed during the current period. In addition, the revenue for the segment improved significantly 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 RM109.1 million or 63.6% 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 the contracts for Montara Development project.

EJV

The segment revenue and profit before taxation for current period has decreased by RM40.6 million or 11.7% and RM28.9 million or 20.5% respectively as compared to corresponding period in the preceding year, mainly due to lower contribution from drilling business and increased operating expenses in energy business even though the newly acquired subsea engineering services contributed positively to the segment.

DGMS

The segment revenue for current period has increased by RM113.7 million or 170.0% as compared to the same quarter in the preceding year. DGMS recorded a turnaround from loss of RM8.6 million in the preceding year compared to profit of RM18.7 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 services.

Fab & HUC

The segment revenue for current period has increased by RM546.7 million or 544.1% as compared to the same quarter in the preceding year. Fab & HUC recorded a turnaround from loss of RM4.2 million in the preceding year compared to profit of RM116.0 million in the current period, 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 RM127.8 million or 330.9% as compared to corresponding period in the preceding year, mainly due to merger expenses of RM75.4 million and the inclusion of Kencana's businesses results subsequent to merger of SapuraCrest and Kencana.

21. (a) Prospects for the financial year ending 31 January 2013

Barring any unforeseen circumstances, the Board of Directors expects the Group to achieve improved results for the financial year ending 31 January 2013.

(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

Basic/diluted	Individual Quarter		Cumulative Quarter	
	3 months to		6 months to	
	31/07/12	31/07/11	31/07/12	31/07/11
Profit attributable to owners of the Parent (RM'000)	176,522	78,232	218,183	150,577
Number of ordinary shares in issue ('000)	5,004,366	1,276,722	5,004,366	1,276,722
Basic/diluted earnings per share (sen)	<u>3.53</u>	<u>6.13</u>	<u>4.36</u>	<u>11.79</u>

By Order of the Board

Selangor
24 September 2012

Aliza Ashari
Henry Ng

Company Secretaries