

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 OCTOBER 2013

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/10/2013 RM'000	Preceding year corresponding quarter 31/10/2012 RM'000	Nine months to 31/10/2013 RM'000	Nine months to 31/10/2012 RM'000
1. Revenue	2,381,662	2,215,524	6,494,565	4,954,863
Operating expenses	(1,783,461)	(1,861,820)	(5,064,884)	(4,110,878)
Other operating income	1,390	20,639	10,024	32,508
Profit from operations	599,591	374,343	1,439,705	876,493
Interest income	2,515	5,122	10,499	12,846
Interest expenses	(132,344)	(72,985)	(317,270)	(150,444)
Net fair value gain/(loss) on derivatives	337	847	(1,263)	413
Depreciation and amortisation	(171,022)	(98,716)	(455,246)	(186,393)
Net foreign exchange (loss)/gain	(23,720)	(31,808)	70,840	(49,189)
Net reversal of/(allowance for) impairment on receivables	8,789	(1,537)	-	(2,591)
Reserves arising from additional investment in a subsidiary	-	41,950	-	41,950
Share of results of associated and joint venture companies	39,806	44,099	186,318	78,817
Profit before taxation	323,952	261,315	933,583	621,902
Taxation	(77,137)	(56,704)	(146,724)	(147,906)
Profit for the period	246,815	204,611	786,859	473,996
Attributable to:				
Owners of the parent	245,556	182,519	749,681	400,702
Non-controlling interests	1,259	22,092	37,178	73,294
	246,815	204,611	786,859	473,996
2. Earnings per share (sen)				
Basic	4.10	3.65	13.24	8.01

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 THIRD QUARTER ENDED 31 OCTOBER 2013

THE FIGURES HAVE NOT BEEN AUDITED

II. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/10/2013 RM'000	Preceding year corresponding quarter 31/10/2012 RM'000	Nine months to 31/10/2013 RM'000	Nine months to to 31/10/2012 RM'000
Profit for the period	246,815	204,611	786,859	473,996
Other comprehensive income:				
Foreign currency translation differences	(23,255)	(68,679)	(36,042)	15,861
Share of other comprehensive income of joint venture companies	(3,193)	3,448	(1,282)	3,448
Total comprehensive income	<u>220,367</u>	<u>139,380</u>	<u>749,535</u>	<u>493,305</u>
Attributable to:				
Owners of the parent	213,614	132,957	745,773	399,867
Non-controlling interests	6,753	6,423	3,762	93,438
Total comprehensive income	<u>220,367</u>	<u>139,380</u>	<u>749,535</u>	<u>493,305</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 THIRD QUARTER ENDED 31 OCTOBER 2013

THE FIGURES HAVE NOT BEEN AUDITED

III. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED As at end of current financial period 31/10/2013 RM'000	AUDITED As at end of preceding financial year 31/01/2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	10,796,829	4,222,486
Investment in associated and joint venture companies	882,210	594,718
Expenditures on oil and gas properties	729,269	780,063
Goodwill on consolidation	6,777,019	4,985,439
Other intangible assets	104,246	49,223
Deferred tax assets	51,320	43,802
	<u>19,340,893</u>	<u>10,675,731</u>
Current assets		
Inventories	445,733	244,253
Trade and other receivables	3,848,625	3,250,935
Cash and bank balances	1,301,830	1,025,772
	<u>5,596,188</u>	<u>4,520,960</u>
TOTAL ASSETS	<u>24,937,081</u>	<u>15,196,691</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	5,992,155	5,004,366
Share premium	2,087,800	242,886
Other reserves	(56,514)	(19,190)
Retained profits	1,778,753	1,109,072
	<u>9,802,194</u>	<u>6,337,134</u>
Non-controlling interests	8,029	405,775
Total equity	<u>9,810,223</u>	<u>6,742,909</u>
Non-current liabilities		
Borrowings	3,379,280	3,805,776
Derivative financial liabilities	698	1,284
Other payables	5,377	-
Deferred tax liabilities	85,622	91,203
	<u>3,470,977</u>	<u>3,898,263</u>
Current liabilities		
Trade and other payables	3,203,690	2,325,111
Borrowings	8,300,031	2,135,196
Derivative financial liabilities	584	2,206
Taxation	151,576	93,006
	<u>11,655,881</u>	<u>4,555,519</u>
TOTAL LIABILITIES	<u>15,126,858</u>	<u>8,453,782</u>
TOTAL EQUITY AND LIABILITIES	<u>24,937,081</u>	<u>15,196,691</u>
Net assets per share (RM)	<u>1.64</u>	<u>1.27</u>

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 THIRD QUARTER ENDED 31 OCTOBER 2013

THE FIGURES HAVE NOT BEEN AUDITED

IV. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Nine months to 31/10/2013 RM'000	Unaudited Nine months to 31/10/2012 RM'000
Profit before tax	933,583	621,902
Adjustments	523,949	254,328
Operating profit before working capital changes	1,457,532	876,230
Changes in working capital	(155,844)	(725,208)
Cash generated from operations	1,301,688	151,022
Taxation paid	(183,838)	(111,408)
Net cash generated from operating activities	1,117,850	39,614
Cash flows from investing activities		
Arising from merger exercise	-	(875,066)
Transaction expense in relation to the merger exercise	-	(28,500)
Purchase of property, plant and equipment	(1,639,394)	(589,164)
Investment in associates and joint venture companies	-	(307,290)
Net cash outflow on acquisition of subsidiaries	(5,686,832)	(191,486)
Net cash outflow on acquisition of non-controlling interests	(437,033)	(2,722)
Deposit paid on acquisition of Newfield Malaysia Holding Inc.	(85,332)	-
Expenditure on oil and gas properties	(149,915)	(242,390)
Net repayment of advances from joint venture companies	347,461	-
Dividend from joint venture companies	-	26,688
Dividend to non-controlling interest of a subsidiary	(44,475)	(54,464)
Other items	4,066	12,636
Net cash used in investing activities	(7,691,454)	(2,251,758)
Cash flows from financing activities		
Issuance of shares, net	1,592,783	-
Interest paid	(238,857)	(136,954)
Redemption of Murabahah Commercial Paper (MCPs)	-	(5,000)
Partial redemption of Istisna Bonds	(60,000)	(60,000)
Net drawdown of revolving credit	1,136,710	359,621
Net drawdown of term loans	4,422,762	2,628,441
Net drawdown of Ijarah facility	-	(185,818)
Net repayment of hire purchase and lease financing	(68)	(13,001)
Increased in fixed deposits pledged	-	(1,229)
Net changes in short term borrowings	-	8,733
Net cash generated from financing activities	6,853,330	2,594,793
Net increase in cash and cash equivalents	279,726	382,649
Cash and cash equivalents at beginning of year	1,025,772	704,911
Effect of exchange rate translation	(3,668)	2,341
Cash and cash equivalents at end of period	1,301,830	1,089,901

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 THIRD QUARTER ENDED 31 OCTOBER 2013

THE FIGURES HAVE NOT BEEN AUDITED

V. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Parent				Total	Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Other Reserves	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Nine months to 31 October 2013 (Unaudited)							
At 1 February 2013	5,004,366	242,886	(19,190)	1,109,072	6,337,134	405,775	6,742,909
Total comprehensive income	-	-	(3,908)	749,681	745,773	3,762	749,535
Transaction with owners:							
Issuance of ordinary shares, net	587,000	1,019,179	-	-	1,606,179	-	1,606,179
Shares issued pursuant to the acquisition of subsidiaries, net	400,789	825,735	-	-	1,226,524	-	1,226,524
Dividend to non-controlling interest of a subsidiary	-	-	-	-	-	(44,475)	(44,475)
Fair value adjustment arising from acquisition of non-controlling interests	-	-	-	(80,000)	(80,000)	80,000	-
Acquisition of non-controlling interests, net	-	-	(33,416)	-	(33,416)	(437,033)	(470,449)
Total transaction with owners	<u>987,789</u>	<u>1,844,914</u>	<u>(33,416)</u>	<u>(80,000)</u>	<u>2,719,287</u>	<u>(401,508)</u>	<u>2,317,779</u>
At 31 October 2013	<u>5,992,155</u>	<u>2,087,800</u>	<u>(56,514)</u>	<u>1,778,753</u>	<u>9,802,194</u>	<u>8,029</u>	<u>9,810,223</u>

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

	Attributable to Owners of the Parent				Total	Non-	Total Equity
	Share Capital	Share Premium	Other Reserves	Retained profits		Controlling Interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Nine months to 31 October 2012							
(Unaudited)							
At 1 February 2012	255,344	505,337	(51,933)	612,976	1,321,724	332,120	1,653,844
Total comprehensive income	-	-	(835)	400,702	399,867	93,438	493,305
Transaction with owners:							
Issuance of bonus issue	505,337	(505,337)	-	-	-	-	-
Capital repayment	(760,681)	-	-	-	(760,681)	-	(760,681)
Shares issue pursuant to the acquisition of subsidiaries and merger exercise	5,004,366	242,886	-	-	5,247,252	-	5,247,252
Adjustments arising from merger exercise	-	-	8,955	(28,500)	(19,545)	-	(19,545)
Acquisition of non-controlling interests, net	-	-	-	-	-	2,722	2,722
Dividend to non-controlling interest of a subsidiary	-	-	-	-	-	(54,464)	(54,464)
Total transaction with owners	<u>4,749,022</u>	<u>(262,451)</u>	<u>8,955</u>	<u>(28,500)</u>	<u>4,467,026</u>	<u>(51,742)</u>	<u>4,415,284</u>
At 31 October 2012	<u>5,004,366</u>	<u>242,886</u>	<u>(43,813)</u>	<u>985,178</u>	<u>6,188,617</u>	<u>373,816</u>	<u>6,562,433</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 October 2013 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.

The unaudited condensed consolidated interim financial statements for the period ended 31 October 2013 should be read in conjunction with the audited financial statements for the financial year ended 31 January 2013.

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 January 2013. The audited financial statements of the Group for the year ended 31 January 2013 were prepared in accordance with MFRS.

As of 1 February 2013, the Group has adopted revised MFRS and Amendments to MFRS that have been issued by the MASB as listed below:

	Effective for annual periods beginning on or after
MFRS 101 Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)	31 July 2013
MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	31 January 2013
MFRS 10 Consolidated Financial Statements	31 January 2013
MFRS 11 Joint Arrangements	31 January 2013
MFRS 12 Disclosure of interests in Other Entities	31 January 2013
MFRS 13 Fair Value Measurement	31 January 2013
MFRS 119 Employee Benefits	31 January 2013
MFRS 127 Separate Financial Statements	31 January 2013
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)	31 January 2013
MFRS 128 Investment in Associates and Joint Ventures	31 January 2013
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – (Annual Improvements 2009-2011 Cycle)	31 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	31 January 2013
Amendments to MFRS 10: Consolidation Financial Statements: Transition Guidance	31 January 2013
Amendments to MFRS 11: Joint Arrangements: Transition Guidance	31 January 2013
Amendments to MFRS 12: Disclosure of Interest in Other Entities: Transition Guidance	31 January 2013

1. Basis of preparation (cont'd.)

	Effective for annual periods beginning on or after
Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)	31 January 2013
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)	31 January 2013
Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)	31 January 2013
Amendments to MFRS134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)	31 January 2013

The adoption of the above revised MFRS and Amendments to MFRS does not have material impact on the financial statements of the Group.

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 unusual items affecting the assets, liabilities, equity, net income or cash flows for the current financial period.

4. Changes in estimates

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

5. Debts and equity securities

The Company had on 30 April 2013, issued an additional 987,788,889 number of ordinary share capital of RM1 each as part of the consideration for the acquisition of the tender rig business of Seadrill Limited ("Seadrill"). With this new issuance, the Company's issued share capital increased to RM5,992,155,087 from RM5,004,366,198 as at 31 January 2013.

6. Segment information

The Group organised its business activities into four major reportable operating segments based on their products and services namely:

- (i) Offshore Construction & Subsea Services (“OCSS”);
- (ii) Fabrication, Hook Up & Commissioning (“FAB & HUC”);
- (iii) Drilling & Energy Services and;
- (iv) Corporate

Drilling & Energy Services segment comprises of Drilling, Energy & Joint Ventures and Geotech & Maintenance Services business divisions. Major activities of the segment are:

- Provisions of drilling rigs and services;
- Oilfield development and production, leasing of floating, production, storage and offloading; and
- Repairs and refurbishment of industrial gas turbines, supply, installation, commissioning and maintenance of point-of-sale systems for petrol stations and asset management services for offshore installations.

	<u>9 months to 31/10/2013</u>	
	Segment Revenue RM'000	Segment Results RM'000
OCSS	2,948,085	365,898
FAB & HUC	1,610,688	197,070
Drilling & Energy Services	2,125,184	533,318
Corporate	450,217	180,419
	7,134,174	1,276,705
Others:		
Finance costs of debt securities	-	(34,450)
Management fees	(153,309)	-
Consolidation adjustment	(486,300)	(308,672)
Consolidated revenue / profit before tax	6,494,565	933,583

Corporate revenue and results are derived from dividend income and management fees charged to entities within operating segments by the holding company at normal commercial terms. The terms have been mutually agreed upon or take the form of apportioned fees which are based on an equitable basis of allocation.

7. Subsequent event

There was no material event subsequent to 31 October 2013 which has not been reflected in the interim financial statements.

8. Changes in the composition of the Group

On 30 April 2013, the Company, through its wholly-owned subsidiary, SapuraKencana Drilling Pte Ltd, completed the integration and combination of tender rig business via acquisition of the entire issued share capital of Seadrill Tender Rig Ltd, a wholly-owned subsidiary of Seadrill for a purchase consideration of RM7.7 billion (USD2.5 billion).

On 16 August 2013, the Company has adjusted its purchase consideration from RM7.7 billion to RM7.9 billion following revision of Closing Statement in accordance with the SPA.

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

	Fair value recognised on acquisition
	RM'000
Assets	
Property, plant and equipment	5,057,484
Intangible assets	62,622
Deferred tax assets	1,136
Other investments	187
Inventories	132,151
Trade and other receivables	546,891
Cash and cash equivalents	105,427
	<u>5,905,898</u>
Liabilities	
Trade and other payables	(144,532)
Provision for tax	(36,311)
Deferred tax liabilities	(5,055)
Other long term payables	(5,479)
	<u>(191,377)</u>
Fair value of identifiable net assets	5,714,521
Goodwill arising on acquisition, net	1,757,226
Total cost of business combination	<u>7,471,747</u>
Acquisition of non-controlling interests	432,480
Total	<u>7,904,227</u>
Purchase consideration consist of:	
Issuance of new ordinary shares	1,239,920
Deferred consideration	439,568
Cash	6,224,739
	<u>7,904,227</u>
Analysis of cash flows on acquisition:	
Total cash paid	6,224,739
Less: Cash and cash equivalents of subsidiaries acquired	(105,427)
Less: Acquisition of non-controlling interests	(432,480)
Net cash flow on acquisition	<u>5,686,832</u>

8. Changes in the composition of the Group (cont'd.)

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.

There was no other change in the composition of the Group during the current financial period, except as disclosed above.

9. Contingent liabilities

The Group has provided corporate guarantees to financial institutions for credit facilities granted to joint venture companies amounting to RM393.4 million (31 October 2012: RM569.5 million).

10. Capital commitments

Capital expenditure for property, plant and equipment approved and not provided for in the unaudited condensed consolidated interim financial statement as at 31 October 2013 are as follows:

Approved and contracted for:

	31/10/2013
	RM'000
Group	1,712,044
Share of capital commitment in joint venture companies	1,942,057
Total	<u>3,654,101</u>

11. Taxation

Taxation comprises the following:

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	31/10/2013	31/10/2012	31/10/2013	31/10/2012
	RM'000	RM'000	RM'000	RM'000
Current taxation:				
Malaysian taxation	62,981	60,998	113,603	149,887
Foreign taxation	33,833	(896)	43,174	1,390
Deferred taxation	<u>(19,677)</u>	<u>(3,398)</u>	<u>(10,053)</u>	<u>(3,371)</u>
	<u>77,137</u>	<u>56,704</u>	<u>146,724</u>	<u>147,906</u>

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

On 22 October 2013, the Company and Newfield International Holdings Inc. have entered into a conditional sale and purchase agreement, to acquire the entire issued and outstanding common shares of Newfield Malaysia Holding Inc. for a total purchase consideration of USD 898 million (RM 2.8 billion) to be satisfied entirely by cash.

The proposed transaction, which has been approved by shareholders is expected to be completed in the first quarter of the financial year ending 31 January 2015.

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

(b) Status of utilization of proceeds

(i) Istisna' Bonds ("IB") Proceeds

On 25 August 2006, Bayu Padu Sdn Bhd, a wholly-owned subsidiary of the Company, issued RM250 million nominal value of IB being the second tranche of the total of RM500 million. The proposed and actual utilization are as follows:

	Proposed Utilization	Actual Utilization
	RM'000	RM'000
Purpose:		
- 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
- For group working capital and/or capital expenditure purposes, which will be Syariah Compliant	30,000	30,000
- To reimburse the SapuraCrest group for the acquisition of Sarku Clementine	45,000	45,000
- To buy back Istisna' bonds and Murabahah Medium Term Notes (Islamic Private Debt Securities)	80,000	80,000
Total	<u>245,000</u>	<u>234,342</u>

13. Borrowings

(a) The Group's borrowings as at 31 October 2013 and 31 January 2013 are as follows:

	31/10/2013	31/1/2013
	RM'000	RM'000
Short term borrowings		
Secured	8,017,885	1,543,720
Unsecured	282,146	591,476
	<u>8,300,031</u>	<u>2,135,196</u>
Long term borrowings		
Secured	<u>3,379,280</u>	<u>3,805,776</u>
	<u>11,679,311</u>	<u>5,940,972</u>

(b) Included in the borrowings are foreign borrowings as follows:

	31/10/2013
	RM'000
United States Dollar	8,209,456
Australian Dollar	<u>4,540</u>

As at 31 October 2013, the Group's current liabilities exceeds its current assets. This has been primarily driven by the increase of its short term borrowings. The borrowings of RM11.7 billion include the merger loans upon acquisition of Kencana Petroleum Berhad and bridging facility for the acquisition of tender rigs business.

The Group is currently in the midst of its refinancing exercise which is expected to be completed by the end of Q1 Financial Year 2015. The refinancing is part of the Group's overall plans to harmonise existing borrowings into an optimal capital structure.

14. Derivative financial instruments

Details of the Group's derivative financial instruments outstanding as at 31 October 2013 are as follows:

Contract/Tenure	Notional Value	Liability Fair Value
	RM mil	RM'000
<u>Cross Currency Interest Rate Swap (CCIRS)</u>	245	
- Less than 1 year		584
- 1 year to 3 years		698
<u>Interest Rate Swap</u>	140	
- Less than 1 year		-
	<u>385</u>	<u>1,282</u>

14. Derivative financial instruments (cont'd.)

There is no change in respect of the following since the last financial year ended 31 January 2013:

- 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/(loss) arising from fair value changes of financial liabilities is as follows:

	Current year quarter 31/10/2013 RM'000	Nine months to 31/10/2013 RM'000
CCIRS	<u>337</u>	<u>(1,263)</u>

Basis of fair value measurement

The fair value is computed using a valuation technique which utilizes data from recognized financial information sources including rates from relevant yield curves.

Reasons for gain/(loss)

The USD/MYR foreign exchange rate has moved since the last measurement date.

15. 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:

	31/10/2013 RM'000
Total retained profits of the Company and subsidiaries	
- Realised	1,629,518
- Unrealised	<u>(87,112)</u>
	1,542,406
Joint ventures and associated companies	
- Realised	316,247
- Unrealised	<u>(3,879)</u>
	312,368
Total Group retained profits	1,854,774
Consolidation adjustments	<u>(76,021)</u>
Total Group retained profits as per consolidated accounts	<u>1,778,753</u>

16. 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”) 1,063,759,201.45 and USD123,819,632.10 (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.

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

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

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

In the current quarter, lower revenue in FAB & HUC division was registered due to lower contribution from certain projects which are nearing completion stage. The Group registered revenue of RM2.4 billion which was RM108.7 million or 4.4% lower than RM2.5 billion in the immediate preceding quarter (“Q2 FY2014”).

Operationally, the Group recorded a 17.3% improvement to RM599.6 million in the current quarter from RM511.2 million in Q2 FY2014. However, unfavorable foreign exchange losses of RM23.7 million in the current quarter has resulted in lower profit before taxation compared to RM143.9 million foreign exchange gains in Q2 FY2014. As a result, Group profit before taxation recorded a decrease of RM126.2 million or 28.0% compared to RM450.1 million in Q2 FY2014.

18. Review of performance

18.1 Current quarter vs. corresponding quarter of the preceding year

	Revenue		Profit before taxation	
	3 months to		3 months to	
	31/10/2013	31/10/2012	31/10/2013	31/10/2012
	RM'000	RM'000	RM'000	RM'000
Consolidated Total	2,381,662	2,215,524	323,952	261,315
Business Segments:				
OCSS	1,163,777	1,294,403	160,935	203,407
FAB & HUC	455,953	667,380	57,839	101,432
Drilling & Energy Services	932,568	253,741	207,938	55,726
Corporate	173,050	-	10,821	(118,413)
Less: Management fees	(59,842)	-	-	-
Less: Consolidation adjustment	(283,844)	-	(113,581)	19,163
	2,381,662	2,215,524	323,952	261,315

Note:

Effective from third quarter financial results announcements i.e. 31 October 2012 The Group has revised the presentation of its segment results to reflect adjustment made on intercompany management fees charged by the Corporate. Similar adjustment has been made to the segment results as at 31 October 2012 to enable comparison of operational performance and due to this adjustment, the amounts shown here do not correspond to the interim condensed consolidated financial statements as at 31 October 2012.

Consolidated total

Group revenue for the current quarter increased by RM166.1 million or 7.5% compared to corresponding quarter of the preceding year ("Q3 FY2013"), primarily contributed by the inclusion of financial results from tender rig business subsequent to completion of acquisition on 30 April 2013. Profit before taxation for current quarter increased by RM62.6 million or 24.0% compared to Q3 FY2013, in line with the revenue increase as outlined above.

Business Segments:

OCSS

The segment revenue for current quarter decreased by RM130.6 million or 10.1% compared to Q3 FY2013, mainly due to lower revenue recognised on Domgas project as it approached completion.

Profit before taxation recorded a decrease of RM42.5 million or 20.9% compared to Q3 FY2013, due to one-off gain arising from acquisition of a subsidiary of RM41.9 million in Q3 FY2013.

18. Review of performance (cont'd.)

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

Business Segments (cont'd.):

FAB & HUC

The segment revenue for current quarter decreased by RM211.4 million or 31.7% compared to Q3 FY2013 mainly due to lower contribution from certain projects which are nearing completion stage.

The segment posted comparatively lower profit before tax for the quarter in line with lower revenue as outlined above.

Drilling & Energy Services

The segment revenue and profit before taxation for current quarter increased by RM678.8 million or 267.5% and RM152.2 million or 273.2% respectively compared to Q3 FY2013, mainly due to the inclusion of the tender rig business' financial results, subsequent to completion of the acquisition on 30 April 2013.

Corporate

Corporate revenue which consists of dividend income and management fees charged to entities within the operating segments increased by RM173.1 million compared to Q3 FY2013.

Corporate profit before taxation for current quarter increased by RM129.3 million or 109.1% as compared to Q3 FY2013, in line with the revenue increase as outlined above.

18. Review of performance (cont'd.)

18.2 Current financial period compared to corresponding period of the preceding year

	Revenue 9 months to		Profit before taxation 9 months to	
	31/10/2013 RM'000	31/10/2012 RM'000	31/10/2013 RM'000	31/10/2012 RM'000
Consolidated Total	6,494,565	4,954,863	933,583	621,902
Business Segments:				
OCSS	2,948,085	2,903,631	365,898	459,783
FAB & HUC	1,610,688	1,312,727	197,070	205,327
Drilling & Energy Services	2,125,184	738,505	533,318	182,050
Corporate	450,217	40,466	145,969	(227,334)
Less: Management fees	(153,309)	(40,466)	-	-
Less: Consolidation adjustment	(486,300)	-	(308,672)	2,076
	6,494,565	4,954,863	933,583	621,902

Note:

Effective from third quarter financial results announcements i.e. 31 October 2012, the Group has revised the presentation of its segment results to reflect adjustment made on intercompany management fees charged by the Corporate. Similar adjustment has been made to the segment results as at 31 October 2012 to enable comparison of operational performance and due to this adjustment, the amounts shown here do not correspond to the interim condensed consolidated financial statements as at 31 October 2012.

Consolidated total

Group revenue for the current financial period increased by RM1.6 billion or 31.1% compared to corresponding quarter of the preceding period ("FPE 31 October 2013"), primarily due to the inclusion of tender rig business' financial results, subsequent to completion of the acquisition on 30 April 2013.

Profit before taxation for current financial period increased by RM311.7 million or 50.1% compared to FPE 31 October 2013, in line with the revenue increase as outlined above.

Business Segments:

OCSS

The segment revenue for current financial period increased by RM44.5 million or 1.5% compared to FPE 31 October 2013, mainly due to higher scope of works for subsea services contracts which cushioned the reduced revenue from the Domgas project as it approached completion.

Profit before taxation recorded a decrease of RM93.9 million or 20.4% as compared to FPE 31 October FY2013. The improved joint venture results of RM79 million was offset by one-off RM41.9 million gain arising from acquisition of a subsidiary, reduction from Domgas contribution and favourable variation order attained in FPE 31 October FY2013.

18. Review of performance (cont'd.)

18.2 Current financial period compared to corresponding period of the preceding year (cont'd.)

Business Segments (cont'd.):

FAB & HUC

The segment revenue for current financial period increased by RM298.0 million or 22.7% compared to FPE 31 October 2013, mainly due to inclusion of revenue from Kencana businesses subsequent to merger.

The segment reported marginal decrease of RM8.3 million or 4.0% in profit before taxation compared to FPE 31 October 2013.

Drilling & Energy Services

The segment revenue and profit before taxation for current financial period increased by RM1.4 billion or 187.8% and RM351.3 million or 193.0% respectively compared to FPE 31 October 2013, mainly due to the inclusion of tender rig businesses' financial results, subsequent to completion of the acquisition on 30 April 2013.

Corporate

The segment revenue for current financial period increased by RM409.8 million compared to FPE 31 October 2013, mainly due to higher dividend income and management fees charged to entities within the operating segments.

Corporate profit before taxation for current financial period increased by RM373.3 million or 164.2% compared to FPE 31 October 2013, in line with the revenue increase as outlined above.

19. (a) Commentary on prospects

The long term global energy industry outlook remains robust and while oil price may be subjected to short term volatility, global capital expenditure for upstream oil and gas industries is expected to remain healthy. It is expected that growth spending on offshore production and deepwater activities will continue going forward. It is envisaged that the Group remains well placed to continue benefiting from this expected outlay.

The Group's proposed acquisition of Newfield Malaysia Holding Inc, which has been approved by the shareholders will enable it to gain an immediate foothold in the upstream business and recognition as an upstream resource owner and operator.

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

19. (b) Revenue or profit estimate, forecast, projection or internal targets

The Company has not provided any revenue or profit estimate, forecast, projection or internal targets in any previous announcement or public document.

20. Dividend

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

21. Earnings per share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months to</u> <u>31/10/2013</u>	<u>31/10/2012</u>	<u>9 months to</u> <u>31/10/2013</u>	<u>31/10/2012</u>
Basic				
Profit attributable to owners of the Parent (RM'000)	245,556	182,519	749,681	400,702
Weighted average number of ordinary shares in issue ('000)	5,992,155	5,004,366	5,662,892	5,004,366
Basic earnings per share (sen)	<u>4.10</u>	<u>3.65</u>	<u>13.24</u>	<u>8.01</u>

By Order of the Board

Kuala Lumpur
6 December 2013

Mohamad Affendi bin Yusoff
MACS 01596

Ng Heng Hooi
MAICSA 7048492

Company Secretaries