

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 OCTOBER 2014

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/10/2014 RM'000	Preceding year corresponding quarter 31/10/2013 RM'000	Nine months to 31/10/2014 RM'000	Nine months to 31/10/2013 RM'000
1. Revenue	2,410,203	2,381,662	7,548,553	6,494,565
Operating expenses	(1,654,565)	(1,783,461)	(5,134,686)	(5,064,884)
Other operating income	13,810	1,390	24,272	10,024
Profit from operations	769,448	599,591	2,438,139	1,439,705
Interest income	4,248	2,515	10,306	10,499
Interest expenses	(171,928)	(132,344)	(513,459)	(317,270)
Net fair value gain/(loss) on derivatives	-	337	(138)	(1,263)
Depreciation and amortisation	(264,459)	(171,022)	(829,919)	(455,246)
Net foreign exchange gain/(loss)	6,754	(23,720)	26,963	70,840
Net reversal of impairment on receivables	3,119	8,789	3,119	-
Changes in provision	-	-	63,526	-
Gain on disposal of property, plant and equipment	-	-	7,263	-
Gain arising from acquisition of subsidiaries	-	-	177,842	-
Share of profit from associates and joint venture companies	63,799	39,806	193,040	186,318
Profit before taxation	410,981	323,952	1,576,682	933,583
Taxation	(62,926)	(77,137)	(272,388)	(146,724)
Profit after taxation	348,055	246,815	1,304,294	786,859
Attributable to:				
Owners of the Parent	348,400	245,556	1,303,618	749,681
Non-controlling interests	(345)	1,259	676	37,178
	348,055	246,815	1,304,294	786,859
2. Earnings per share (sen)				
Basic	5.81	4.10	21.76	13.24

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 2014

THE FIGURES HAVE NOT BEEN AUDITED

II. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/10/2014 RM'000	Preceding year corresponding quarter 31/10/2013 RM'000	Nine months to 31/10/2014 RM'000	Nine months to 31/10/2013 RM'000
Profit after taxation	348,055	246,815	1,304,294	786,859
Other comprehensive income:				
<i>Items that may be reclassified to income statements in subsequent periods:</i>				
Foreign currency translation differences	217,236	(22,802)	(104,804)	(39,921)
Share of other comprehensive income of associated and joint venture companies:				
- Foreign currency translation differences	15,032	(453)	(8,151)	3,879
- Hedging reserve	(7,786)	(3,193)	3,541	(1,282)
Total comprehensive income	<u>572,537</u>	<u>220,367</u>	<u>1,194,880</u>	<u>749,535</u>
Attributable to:				
Owners of the parent	572,979	213,614	1,194,301	745,773
Non-controlling interests	(442)	6,753	579	3,762
Total comprehensive income	<u>572,537</u>	<u>220,367</u>	<u>1,194,880</u>	<u>749,535</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 2014

THE FIGURES HAVE NOT BEEN AUDITED

III. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	As at end of current financial period 31/10/2014	As at end of preceding financial year 31/01/2014
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	12,623,681	12,518,547
Investment in associates and joint venture companies	1,186,378	1,028,573
Expenditures on oil and gas properties	5,100,310	769,672
Goodwill on consolidation	7,232,050	7,312,366
Other intangible assets	107,921	140,080
Deferred tax assets	158,249	114,497
Trade receivables	8,684	55,432
	<u>26,417,273</u>	<u>21,939,167</u>
Current assets		
Inventories	618,929	472,287
Trade and other receivables	3,084,569	2,734,419
Tax recoverable	117,941	81,957
Cash and bank balances	1,911,301	1,386,661
	<u>5,732,740</u>	<u>4,675,324</u>
TOTAL ASSETS	<u>32,150,013</u>	<u>26,614,491</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	5,992,155	5,992,155
Share premium	2,074,255	2,074,255
Treasury shares - Held on trust at cost	(80,000)	-
Other reserves	(96,912)	12,405
Retained profits	3,261,122	2,115,986
	<u>11,150,620</u>	<u>10,194,801</u>
Non-controlling interests	<u>6,880</u>	<u>6,301</u>
Total equity	<u>11,157,500</u>	<u>10,201,102</u>
Non-current liabilities		
Borrowings	14,309,608	11,326,261
Other payables	564,820	625,422
Provision for assets retirement obligation	165,907	-
Derivatives	-	893
Deferred tax liabilities	1,096,351	71,128
	<u>16,136,686</u>	<u>12,023,704</u>
Current liabilities		
Borrowings	1,530,958	1,034,362
Trade and other payables	3,122,754	3,250,430
Provision for assets retirement obligation	107,009	-
Derivatives	-	1,775
Provision for taxation	95,106	103,118
	<u>4,855,827</u>	<u>4,389,685</u>
TOTAL LIABILITIES	<u>20,992,513</u>	<u>16,413,389</u>
TOTAL EQUITY AND LIABILITIES	<u>32,150,013</u>	<u>26,614,491</u>
Net assets per share (RM)	<u>1.86</u>	<u>1.70</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 2014

THE FIGURES HAVE NOT BEEN AUDITED

IV. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED Nine months to 31/10/2014 RM'000	UNAUDITED Nine months to 31/10/2013 RM'000
Profit before taxation	1,576,682	933,583
Adjustments	956,514	523,949
Operating profit before working capital changes	2,533,196	1,457,532
Changes in working capital	(1,135,192)	(155,844)
Cash generated from operations	1,398,004	1,301,688
Taxation paid	(357,090)	(183,838)
Net cash generated from operating activities	1,040,914	1,117,850
Cash flows from investing activities		
Purchase of property, plant and equipment	(882,398)	(1,639,394)
Net cash outflow on acquisition of subsidiaries	(2,374,938)	(5,686,832)
Net cash outflow on acquisition of non-controlling interests	-	(437,033)
Expenditure on oil and gas properties	(379,698)	(149,915)
Net (advances to)/repayment from joint venture companies	(42,774)	347,461
Dividends from/(to) a joint venture company and non-controlling interest	40,888	(44,475)
Dividends paid on ordinary shares	(140,816)	-
Proceed from disposal of property, plant and equipment	15,648	-
Deposit paid on acquisition of Newfield Malaysia Holding Inc.	-	(85,332)
Other items	(8,022)	4,066
Net cash used in investing activities	(3,772,110)	(7,691,454)
Cash flows from financing activities		
Issuance of shares, net	-	1,592,783
Interest paid	(352,913)	(238,857)
Net drawdown of revolving credit/term loans and bonds	3,708,049	5,499,472
Net drawdown/(repayment) of hire purchase and lease financing	3,801	(68)
Purchase of treasury shares - held on trust at cost	(80,000)	-
Net cash generated from financing activities	3,278,937	6,853,330
Net increase in cash and cash equivalents	547,741	279,726
Cash and cash equivalents at beginning of year	1,386,661	1,025,772
Effect of exchange rate translation	(23,101)	(3,668)
Cash and cash equivalents at end of period	1,911,301	1,301,830

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 2014

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 RM'000	Share premium RM'000	Treasury shares * RM'000	Other reserves RM'000	Retained profits RM'000	Total RM'000	RM'000	RM'000
Nine months to 31 October 2014 (Unaudited)								
At 1 February 2014	5,992,155	2,074,255	-	12,405	2,115,986	10,194,801	6,301	10,201,102
Total comprehensive income	-	-	-	(109,317)	1,303,618	1,194,301	579	1,194,880
Transaction with owners:								
Effect arising from step acquisition of a subsidiary	-	-	-	-	(17,666)	(17,666)	-	(17,666)
Purchase of treasury shares*	-	-	(80,000)	-	-	(80,000)	-	(80,000)
Dividends on ordinary shares	-	-	-	-	(140,816)	(140,816)	-	(140,816)
Total transaction with owners	-	-	(80,000)	-	(158,482)	(238,482)	-	(238,482)
At 31 October 2014	<u>5,992,155</u>	<u>2,074,255</u>	<u>(80,000)</u>	<u>(96,912)</u>	<u>3,261,122</u>	<u>11,150,620</u>	<u>6,880</u>	<u>11,157,500</u>

* Held on trust at cost

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 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 issue 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>

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 2014 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 period ended 31 October 2014 should be read in conjunction with the audited financial statements for the financial year ended 31 January 2014.

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 2014 except for the following:

a) MFRS and amendments to MFRS during the current financial period:

Effective for annual periods beginning on or after 1 January 2014:

Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets

Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

Effective for annual periods beginning on or after 1 July 2014:

Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions

Annual Improvements 2010-2012 Cycle

Annual Improvements 2011-2013 Cycle

At the date of authorisation of these condensed consolidated interim financial statements, the Malaysian Accounting Standards Board ("MASB") had issued several MFRS and amendments but not yet effective and have not been adopted by the Group:

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

MFRS 5: Amendment to MFRS 5 (Annual Improvements to MFRSs 2012–2014 Cycle)

MFRS 7: Amendments to MFRS 7 (Annual Improvements to MFRSs 2012–2014 Cycle)

MFRS 10 and 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)

MFRS 119: Amendment to MFRS 119 (Annual Improvements to MFRSs 2012–2014 Cycle)

MFRS 127: Equity Method in Separate Financial Statements (Amendments to MFRS 127)

MFRS 134: Amendment to MFRS 134 (Annual Improvements to MFRSs 2012–2014 Cycle)

Effective for annual periods beginning on or after 1 January 2018:

MFRS 9: Financial Instruments (IFRS 9 as issued by IASB in July 2014)

1. Basis of preparation (cont'd.)

a) MFRS and amendments to MFRS during the current financial period: (cont'd.)

Effective for annual periods to be announced by MASB:

MFRS 9: Financial Instruments (2009)

MFRS 9: Financial Instruments (2010)

MFRS 9: Financial Instruments - Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139

The above MFRS and amendments are expected to have no significant impact on the financial statements of the Group upon their initial application, except as discussed below:

The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

b) **New accounting policies with regard to the exploration and production activities arising from acquisition of SapuraKencana Energy Inc. Group ("SKEI"), a group of subsidiaries which involved in upstream oil and gas activities.**

The summary of new significant accounting policies are as outlined below:

Exploration and Development Expenditure

The Group/Company follows the successful efforts method of accounting for the exploration and development expenditure.

Exploration Expenditure

Costs directly associated with an exploration well, including license acquisition and drilling costs, are initially capitalised as intangible assets until the results have been evaluated.

If hydrocarbons are found and, subject to further appraisal activity which may include the drilling of further wells, are likely to be capable of commercial development under prevailing economic conditions, the costs continue to be carried as intangible assets. All such carried costs are reviewed at least once a year to determine whether the reserves found or appraised remain economically viable. When this is no longer the case, the costs are written off.

Where development plan is commercially viable and approved by the relevant authorities, the related exploration and evaluation costs are transferred to projects-in-progress in expenditures on oil and gas properties.

Development Expenditure

Development expenditure comprises all costs incurred in bringing a field to commercial production and is capitalised as incurred. The amount capitalised includes attributable interests and other financing costs incurred on exploration and development before commencement of production.

Upon commencement of production, the exploration and development expenditure initially capitalised as projects-in-progress are transferred to oil and gas properties, and are depreciated based on unit of production.

1. Basis of preparation (cont'd.)

- b) **New accounting policies with regard to the exploration and production activities arising from acquisition of SapuraKencana Energy Inc. Group ("SKEI"), a group of subsidiaries which involved in upstream oil and gas activities. (cont'd.)**

Revenue

Revenue from sale of oil and gas and their related products are recognised in the profit or loss when risks and rewards of ownership have been transferred to the buyer.

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 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. Debts and equity securities

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

6. Subsequent events

On 20 November 2014:

- (a) the Company, through its wholly-owned subsidiaries, SapuraKencana Energy Vietnam (Cuu Long) Inc, SapuraKencana Energy Vietnam (Nam Con Son) Inc and SapuraKencana Energy Vietnam (Cai Nuoc) Inc and Petronas Carigali Vietnam Limited and Petronas Carigali Overseas Sdn Bhd have entered into three conditional sale and purchase agreements in relation to the proposed acquisition of interest in oil and gas assets in Vietnam.

The Company shall acquire from Petronas Carigali Overseas Sdn Bhd and PC Vietnam Limited interests in the following assets in Vietnam:

- (i) 50% interest in the Petroleum Contract for Blocks 01/97 and 02/97 Cuu Long Basin;
- (ii) 40% interest in the Production Sharing Contract for Blocks 10 & 11.1, Nam Con Son Basin; and
- (iii) 36.845966% in the Production Sharing Contract for Block 46- Cai Nuoc, Malay-Tho Chu Basin.

6. Subsequent events (cont'd.)

- (b) the Company through its wholly-owned subsidiary, SapuraKencana Energy Sabah Inc. ("SKESI"), entered into two Production Sharing Contracts ("PSCs") for a period of 27 years for Blocks SB 331 and SB 332, respectively with Petroliam Nasional Berhad, the national oil company of Malaysia, effective 20 November 2014.

Under the term of both PSCs, SKESI will operate the blocks with 70% participating interest. The partners in the PSCs are PETRONAS Carigali Sdn Bhd and M3nergy Berhad.

Other than as disclosed above, there was no other material event subsequent to 31 October 2014 which has not been reflected in these condensed consolidated interim financial statements.

7. Changes in the composition of the Group

On 11 February 2014, the Group completed the acquisition of SapuraKencana Energy Inc. Group ("SKEI") (formerly known as Newfield Malaysia Holding Inc.) and paid USD896 million (RM3.0 billion) as purchase consideration.

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

	Fair value recognised on acquisition RM'000
Assets	
Expenditures on oil and gas properties	4,339,994
Property, plant and equipment	7,089
Deferred tax assets	119,663
Inventories	279,571
Trade and other receivables	206,810
Tax recoverable	50,673
Cash and bank balances	310,561
	<u>5,314,361</u>
Liabilities	
Trade and other payables	(617,990)
Borrowings	(22,918)
Provision for liabilities	(304,645)
Provision for tax	(82,384)
Deferred tax liabilities	(1,122,748)
	<u>(2,150,685)</u>
Fair value of identifiable net assets	3,163,676
Gain arising from acquisition of subsidiaries	(177,842)
Total cost of business combination	<u>2,985,834</u>
Purchase consideration consists of:	
Cash	<u>2,985,834</u>

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

	Fair value recognised on acquisition RM'000
Analysis of cash flows on acquisition:	
Total cash paid	2,985,834
Less: Cash and cash equivalents of subsidiaries acquired	<u>(310,561)</u>
Net cash flow on acquisition	2,675,273
Less: Deposit paid in FY2014	<u>(300,335)</u>
Net cash outflow on acquisition in FY2015	<u><u>2,374,938</u></u>

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

As permitted by MFRS 3: Business Combinations, allocation of the purchase price will be finalised within one year from acquisition date to determine the fair values of acquired tangible assets and liabilities and identifiable intangible assets.

8. Contingent liabilities

The Group has provided corporate guarantees to financial institutions for credit facilities granted to joint venture companies amounting to RM638.6 million (31 January 2014: RM610.3 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 October 2014 are as follows:

Approved and contracted for:

	31/10/2014 RM'000
Property, plant and equipment and expenditures on oil and gas properties	
Group	621,644
Share of capital commitment in joint venture companies*	1,259,816
Equity commitment in joint venture companies	<u>13,060</u>
Total	<u><u>1,894,520</u></u>

* *These capital commitments will be self-funded by the joint venture companies without financial assistance from the Group.*

10. Taxation

Taxation comprises the following:

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/10/2014 RM'000	Preceding year corresponding quarter 31/10/2013 RM'000	Nine months to 31/10/2014 RM'000	Nine months to 31/10/2013 RM'000
Current taxation:				
Malaysian taxation	(533)	62,981	210,967	113,603
Foreign taxation	23,038	33,833	67,017	43,174
Deferred taxation	40,421	(19,677)	(5,596)	(10,053)
	<u>62,926</u>	<u>77,137</u>	<u>272,388</u>	<u>146,724</u>

11. Status of corporate proposals announced

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

12. Borrowings

(a) The Group's borrowings as at 31 October 2014 and 31 January 2014 are as follows:

	31/10/2014 RM'000	31/01/2014 RM'000
Short term borrowings		
Secured	45,049	741,709
Unsecured	1,485,909	292,653
	<u>1,530,958</u>	<u>1,034,362</u>
Long term borrowings		
Secured	32,514	11,326,261
Unsecured	14,277,094	-
	<u>14,309,608</u>	<u>11,326,261</u>
	<u>15,840,566</u>	<u>12,360,623</u>

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

	31/10/2014 RM'000
United States Dollar	<u>12,485,444</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:

	31/10/2014 RM'000
Total retained profits of the Group	
- Realised	3,885,779
- Unrealised	(939,939)
	2,945,840
Joint ventures and associated companies	
- Realised	417,766
- Unrealised	(8,151)
	409,615
Total Group retained profits	3,355,455
Less: Consolidation adjustments	(94,333)
Total Group retained profits as per consolidated accounts	3,261,122

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 next dates fixed are 22nd and 23rd December 2014 for the cross examination on ONGC's witness by SESSB solicitor. The final submissions are expected to take place on the following dates:

- i) 5th to 7th January 2015 by SESSB solicitor; and
- ii) 2nd and 3rd February 2015 by ONGC solicitor

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.

15. Segment information

9 months to 31/10/2014

	Revenue RM'000	Operating profit RM'000
Offshore Construction and Subsea Services ("OCSS")	2,582,026	530,672
Drilling and Energy Services ("DES")	3,680,158	1,102,305
Fabrication, Hook - Up and Commissioning ("FAB & HUC")	<u>1,449,068</u>	<u>222,391</u>
	7,711,252	1,855,368
Corporate expenses and eliminations	<u>(162,699)</u>	<u>(278,686)</u>
Group revenue / profit before taxation	<u>7,548,553</u>	<u>1,576,682</u>

DES segment in current financial period includes:

- Revenues from Drilling of RM1,939.5 million and Energy Services of RM1,740.6 million; and
- Operating profits from Drilling of RM464.3 million and Energy Services of RM638.0 million.

16. Review of performance

16.1 Current quarter vs. corresponding quarter of the preceding year

	Revenue		Operating profit	
	3 months to		3 months to	
	31/10/2014	31/10/2013	31/10/2014	31/10/2013
	RM'000	RM'000	RM'000	RM'000
Business Segments:				
OCSS	799,636	1,255,001	172,068	173,031
DES	1,117,024	836,244	265,043	232,592
FAB & HUC	<u>503,313</u>	<u>455,953</u>	<u>70,740</u>	<u>74,639</u>
	2,419,973	2,547,198	507,851	480,262
Corporate expenses and eliminations	<u>(9,770)</u>	<u>(165,536)</u>	<u>(96,870)</u>	<u>(156,310)</u>
Group revenue/ profit before taxation	<u>2,410,203</u>	<u>2,381,662</u>	<u>410,981</u>	<u>323,952</u>

Note:

Effective from first quarter ended 30 April 2014, the Group recognised corporate expenses and consolidation adjustments as a single line. Similar adjustments were made to the previous quarters to enable comparison of operational performance.

16. Review of performance

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

Group

Group revenue for the quarter ended 31 October 2014 of RM2,410.2 million was 1.2% higher than RM2,381.7 million revenue in the corresponding quarter of the preceding year ("Q3 FY2014"), primarily attributable to higher revenue from DES business segment due to inclusion of revenue from SKEI business subsequent to completion of its acquisition on 11 February 2014. This was however, offset with lower revenue from OCSS business segment, mainly due to lower scope of works in line with clients' planned activities.

Profit before taxation of RM411.0 million in the current quarter was RM87.0 million or 26.9% higher than RM324.0 million in Q3 FY2014 mainly due to higher contribution from DES business segment.

Business Segments:

Offshore Construction and Subsea Services

The segment revenue for current quarter decreased by RM455.4 million or 36.3% compared to Q3 FY2014, mainly due to lower scope of works in line with clients' planned activities.

Profit before taxation for the current quarter is comparable to the Q3 FY2014 albeit lower revenue mainly due to higher contribution from contracts executed during the quarter.

Drilling and Energy Services

The segment revenue for the current quarter increased by RM280.8 million compared to Q3 FY2014, primarily due to inclusion of SKEI business subsequent to completion of its acquisition on 11 February 2014.

Profit before taxation of RM265.0 million in the current quarter was RM32.5 million higher than RM232.6 million in Q3 FY2014. This was attributable to contribution from SKEI business subsequent to completion of its acquisition.

Fabrication, Hook - Up and Commissioning

The segment revenue for current quarter was higher by RM47.4 million or 10.4% compared to Q3 FY2014 mainly due to contribution from new projects executed during the quarter.

The segment posted marginally lower profit before taxation for the quarter as the new projects are in the early stages of construction.

16. Review of performance

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

	Revenue 9 months to		Operating profit 9 months to	
	31/10/2014 RM'000	31/10/2013 RM'000	31/10/2014 RM'000	31/10/2013 RM'000
Business Segments:				
OCSS	2,582,026	3,213,460	530,672	412,583
DES	3,680,158	1,848,224	1,102,305	568,493
FAB & HUC	1,449,068	1,610,688	222,391	242,489
	<u>7,711,252</u>	<u>6,672,372</u>	<u>1,855,368</u>	<u>1,223,565</u>
Corporate expenses and eliminations	(162,699)	(177,807)	(278,686)	(289,982)
Group revenue/ profit before taxation	<u>7,548,553</u>	<u>6,494,565</u>	<u>1,576,682</u>	<u>933,583</u>

Note:

Effective from first quarter ended 30 April 2014, the Group recognised corporate expenses and consolidation adjustments as a single line. Similar adjustments were made to the previous period to enable comparison of operational performance.

Group

The Group revenue and profit before taxation for the current financial period increased by RM1,054.0 million and RM643.1 million respectively compared to revenue and profit before taxation for the 9 months ended 31 October 2014 ("corresponding period"), primarily due to inclusion of the SKEI business subsequent to completion of its acquisition on 11 February 2014. The RM177.8 million gain arising from the SKEI acquisition further contributed to the increase in Group profit before taxation.

Business Segments:

Offshore Construction and Subsea Services

The segment revenue for current financial period decreased by RM631.4 million or 19.6% compared to the corresponding period, mainly due to lower scope of works in line with clients' planned activities.

Profit before taxation for the current financial period increased by RM118.1 million or 28.6% compared to the corresponding period, mainly due to higher contribution from contracts executed during the period.

16. Review of performance

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

Drilling and Energy Services

The segment revenue for the current financial period increased by RM1,831.9 million compared to the corresponding period, primarily due to inclusion of SKEI business subsequent to completion of its acquisition on 11 February 2014.

Profit before taxation of RM1,102.3 million in the current financial period was RM533.8 million higher than RM568.5 million in the corresponding period, attributable to the contribution from SKEI business subsequent to completion of its acquisition.

Fabrication, Hook - Up and Commissioning

The segment revenue for current financial period was lower by RM161.6 million or 10.0% compared to the corresponding period as projects in hand near completion, while new projects are in the early stages of construction.

The segment posted comparatively marginally lower profit before taxation for the current financial period, in line with lower revenue as outlined above.

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

Group revenue of RM2,410.2 million was RM284.6 million lower compared to the immediate preceding quarter ("Q2 FY2015") of RM2,694.8 million. Group profit before taxation of RM411.0 million was RM115.7 million lower as compared to Q2 FY2015 of RM526.7 million.

The lower revenue was primarily attributable to lower scope of works in line with clients' planned activities in OCSS business segment. Group profit before taxation was lower by 22.0%.

18. (a) Commentary on prospects

The global oil and gas industry is facing challenging times due to weak demand for crude oil.

Despite the continued uncertainties in crude oil prices, the Group is confident in delivering a healthy financial performance for the financial year ending 31 January 2015 on the back of recurring income from long term contracts and a strong balance sheet.

The Board remains confident that through optimisation of the operations, the Group will be able to deliver good financial performance in the medium term.

(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

In respect of the financial year ending 31 January 2015, Board of Directors has declared tax exempt second interim dividend of 2.00 sen per share (31 October 2013: Nil).

The dividend will be paid on 13 February 2015 to shareholders registered at the close of business on 14 January 2015. A depositor shall qualify for entitlement only in respect of:

- (i) securities transferred into the Depositor's Securities Account before 4:00 pm on 14 January 2015 in respect of Ordinary Transfer;
- (ii) shares bought on the BMSB on a cum entitlement basis according to the rules of BMSB.

20. Dividend Paid

An interim and special single tier dividends of 2.35 sen per share for the financial year ending 31 January 2015 amounting to RM140.8 million was paid on 21 July 2014.

21. Earnings per share

	Individual Quarter		Cumulative Quarter	
	3 months to 31/10/2014	3 months to 31/10/2013	9 months to 31/10/2014	9 months to 31/10/2013
Basic				
Profit attributable to owners of the Parent (RM'000)	348,400	245,556	1,303,618	749,681
Weighted average number of ordinary shares in issue ('000)	5,992,155	5,992,155	5,992,155	5,662,892
Basic earnings per share (sen)	<u>5.81</u>	<u>4.10</u>	<u>21.76</u>	<u>13.24</u>

By Order of the Board

Kuala Lumpur
9 December 2014

Mohamad Affendi bin Yusoff
MACS 01596

Ng Heng Hooi
MAICSA 7048492

Company Secretaries