

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2015

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/01/2015 RM'000	Preceding year corresponding quarter 31/01/2014 RM'000	Twelve months to 31/01/2015 RM'000	Twelve months to 31/01/2014 RM'000
1. Revenue	2,394,466	1,884,211	9,943,019	8,378,776
Operating expenses	(1,735,425)	(1,481,612)	(6,870,111)	(6,546,496)
Other operating income	9,373	3,258	33,645	13,282
Profit from operations	668,414	405,857	3,106,553	1,845,562
Interest income	4,966	4,348	15,272	14,847
Interest expenses	(153,107)	(126,561)	(666,566)	(443,831)
Net fair value loss on derivatives	-	(2,812)	(139)	(4,075)
Depreciation and amortisation	(476,273)	(182,776)	(1,306,192)	(638,022)
Net foreign exchange (loss)/gain	(28,123)	137,794	(1,160)	208,634
Provision for impairment on receivables	(11,206)	(10,169)	(8,087)	(10,169)
Provision for impairment on oil and gas properties	(54,935)	-	(54,935)	-
Changes in provision	-	-	63,526	-
(Loss)/gain on disposal of property, plant and equipment	(6,449)	-	815	-
Gain arising from acquisition of subsidiaries	36,915	-	214,758	-
Share of profit from associates and joint venture companies	59,077	48,493	252,117	234,811
Profit before taxation	39,279	274,174	1,615,962	1,207,757
Taxation	89,886	62,664	(182,502)	(84,060)
Profit after taxation	129,165	336,838	1,433,460	1,123,697
Attributable to:				
Owners of the Parent	129,133	337,234	1,432,752	1,086,914
Non-controlling interests	32	(396)	708	36,783
	129,165	336,838	1,433,460	1,123,697
2. Earnings per share (sen)				
Basic	2.16	5.63	23.93	18.92

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 FOURTH QUARTER ENDED 31 JANUARY 2015

THE FIGURES HAVE NOT BEEN AUDITED

II. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/01/2015 RM'000	Preceding year corresponding quarter 31/01/2014 RM'000	Twelve months to 31/01/2015 RM'000	Twelve months to 31/01/2014 RM'000
Profit after taxation	129,165	336,838	1,433,460	1,123,697
Other comprehensive income:				
<i>Items that may be reclassified to income statements in subsequent periods:</i>				
Foreign currency translation differences	760,183	52,310	655,379	12,371
Share of other comprehensive income of associated and joint venture companies:				
- Foreign currency translation differences	51,090	17,253	42,939	21,150
- Hedging reserve	14,506	(1,976)	18,047	(3,258)
Total comprehensive income	<u>954,944</u>	<u>404,425</u>	<u>2,149,825</u>	<u>1,153,960</u>
Attributable to:				
Owners of the parent	954,874	406,152	2,149,176	1,151,925
Non-controlling interests	70	(1,727)	649	2,035
Total comprehensive income	<u>954,944</u>	<u>404,425</u>	<u>2,149,825</u>	<u>1,153,960</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 FOURTH QUARTER ENDED 31 JANUARY 2015

THE FIGURES HAVE NOT BEEN AUDITED

III. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	As at end of current financial year 31/01/2015	As at end of preceding financial year 31/01/2014
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	13,770,854	12,518,547
Investment in associates and joint venture companies	1,376,723	1,028,573
Expenditures on oil and gas properties	5,555,063	769,672
Goodwill on consolidation	7,631,514	7,312,366
Other intangible assets	108,476	140,080
Deferred tax assets	352,977	114,497
Trade receivables	50,162	55,432
	<u>28,845,769</u>	<u>21,939,167</u>
Current assets		
Inventories	636,629	472,287
Trade and other receivables	3,620,805	2,734,419
Tax recoverable	203,030	81,957
Cash and bank balances	1,256,551	1,386,661
	<u>5,717,015</u>	<u>4,675,324</u>
TOTAL ASSETS	<u>34,562,784</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	728,829	12,405
Retained profits	3,270,783	2,115,986
	<u>11,986,022</u>	<u>10,194,801</u>
Non-controlling interests	6,950	6,301
Total equity	<u>11,992,972</u>	<u>10,201,102</u>
Non-current liabilities		
Borrowings	15,854,690	11,326,261
Other payables	683,786	625,422
Provision for assets retirement obligation	151,350	-
Derivatives	-	893
Deferred tax liabilities	1,425,025	71,128
	<u>18,114,851</u>	<u>12,023,704</u>
Current liabilities		
Borrowings	1,098,576	1,034,362
Trade and other payables	3,191,979	3,250,430
Provision for assets retirement obligation	72,217	-
Derivatives	-	1,775
Provision for taxation	92,189	103,118
	<u>4,454,961</u>	<u>4,389,685</u>
TOTAL LIABILITIES	<u>22,569,812</u>	<u>16,413,389</u>
TOTAL EQUITY AND LIABILITIES	<u>34,562,784</u>	<u>26,614,491</u>
Net assets per share (RM)	<u>2.01</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 FOURTH QUARTER ENDED 31 JANUARY 2015

THE FIGURES HAVE NOT BEEN AUDITED

IV. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED Twelve months to 31/01/2015 RM'000	AUDITED Twelve months to 31/01/2014 RM'000
Profit before taxation	1,615,962	1,207,757
Adjustments	1,625,232	675,888
Operating profit before working capital changes	3,241,194	1,883,645
Changes in working capital	(1,185,522)	304,503
Cash generated from operations	2,055,672	2,188,148
Taxation paid	(455,371)	(185,526)
Net cash generated from operating activities	1,600,301	2,002,622
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,613,321)	(2,366,418)
Net cash outflow on acquisition of subsidiaries	(2,374,938)	(5,697,673)
Net cash outflow on acquisition of non-controlling interests	-	(437,034)
Expenditure on oil and gas properties	(446,366)	(173,234)
Net (advances to)/repayment from joint venture companies	(25,393)	297,600
Dividends from/(to) a joint venture company and non-controlling interest	40,888	(44,475)
Proceed from disposal of property, plant and equipment	16,953	-
Deposit paid on acquisition of assets / subsidiaries	(144,940)	(300,335)
Other items	(16,449)	(25,595)
Net cash used in investing activities	(4,563,566)	(8,747,164)
Cash flows from financing activities		
Issuance of shares, net	-	1,579,238
Dividends paid on ordinary shares	(140,816)	-
Interest paid	(555,077)	(388,209)
Net drawdown of revolving credit/term loans and bonds	3,523,561	5,897,588
Net repayment of hire purchase and lease financing	(3,320)	(5,679)
Purchase of treasury shares - held on trust at cost	(80,000)	-
Net cash generated from financing activities	2,744,348	7,082,938
Net (decrease)/increase in cash and cash equivalents	(218,917)	338,396
Cash and cash equivalents at beginning of year	1,386,661	1,025,772
Effect of exchange rate translation	88,807	22,493
Cash and cash equivalents at end of year	1,256,551	1,386,661

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 FOURTH QUARTER ENDED 31 JANUARY 2015

THE FIGURES HAVE NOT BEEN AUDITED

V. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares *	Other reserves	Retained profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Twelve months to 31 January 2015								
(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	-	-	-	716,424	1,432,752	2,149,176	649	2,149,825
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	-	-	-	-	(260,289)	(260,289)	-	(260,289)
Total transaction with owners	-	-	(80,000)	-	(277,955)	(357,955)	-	(357,955)
At 31 January 2015	<u>5,992,155</u>	<u>2,074,255</u>	<u>(80,000)</u>	<u>728,829</u>	<u>3,270,783</u>	<u>11,986,022</u>	<u>6,950</u>	<u>11,992,972</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
Twelve months to 31 January 2014							
(Audited)							
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	-	-	65,011	1,086,914	1,151,925	2,035	1,153,960
Transaction with owners:							
Issuance of ordinary shares, net	587,000	992,238	-	-	1,579,238	-	1,579,238
Shares issue pursuant to the acquisition of subsidiaries, net	400,789	839,131	-	-	1,239,920	-	1,239,920
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	-	-	(33,416)	-	(33,416)	(432,480)	(465,896)
Effect arising from step acquisition of a subsidiary	-	-	-	-	-	(4,554)	(4,554)
Total transaction with owners	<u>987,789</u>	<u>1,831,369</u>	<u>(33,416)</u>	<u>(80,000)</u>	<u>2,705,742</u>	<u>(401,509)</u>	<u>2,304,233</u>
At 31 January 2014	<u>5,992,155</u>	<u>2,074,255</u>	<u>12,405</u>	<u>2,115,986</u>	<u>10,194,801</u>	<u>6,301</u>	<u>10,201,102</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 year ended 31 January 2015 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB"). These condensed consolidated interim financial statements also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board.

The unaudited condensed consolidated interim financial statements for the financial year ended 31 January 2015 ("FY2015") should be read in conjunction with the audited financial statements for the financial year ended 31 January 2014 ("FY2014").

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 year:

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

IC Interpretation 21: Levies

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 July 2014:

Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions

Annual Improvements to MFRS 2010-2012 Cycle

Annual Improvements to MFRS 2011-2013 Cycle

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

Annual improvements to MFRS 2012 - 2014 Cycle

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants

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

Amendments to MFRS 11: Accounting for Acquisitions of interest in Joint Operations

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Amendments to MFRS 101 : Disclosure Initiative

Amendments to MFRS 10,12 and MFRS 128: Investment Entities: Applying the Consolidation Exception

MFRS 14: Regulatory Deferral Accounts

1. Basis of preparation (cont'd.)

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

Effective for annual periods beginning on or after 1 January 2017:

MFRS 15: Revenue from Contracts with Customers

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

MFRS 9: Financial Instruments

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:

MFRS 9: Financial Instruments

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.

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including *MFRS 118: Revenue*, *MFRS 111: Construction Contracts* and the related interpretations when it becomes effective. The Group is in the process of making an assessment of the impact of this standard.

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.

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.)**

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.

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 other unusual items affecting the assets, liabilities, equity, net income or cash flows for the current financial year, other than as disclosed in these condensed consolidated income statement.

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 year.

5. Debts and equity securities

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

6. Subsequent events

There was no material event subsequent to 31 January 2015 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	4,539,867
Property, plant and equipment	7,089
Deferred tax assets	163,802
Inventories	279,571
Trade and other receivables	206,810
Tax recoverable	50,673
Cash and bank balances	<u>310,561</u>
	<u>5,558,373</u>
Liabilities	
Trade and other payables	(623,706)
Borrowings	(22,918)
Provision for liabilities	(356,864)
Provision for tax	(82,384)
Deferred tax liabilities	<u>(1,271,909)</u>
	<u>(2,357,781)</u>
Fair value of identifiable net assets	3,200,592
Gain arising from acquisition of subsidiaries	<u>(214,758)</u>
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>2,374,938</u>

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

8. Contingent liabilities

The Group has provided corporate guarantees to financial institutions for credit facilities granted to joint venture companies amounting to RM713.3 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 January 2015 are as follows:

Approved and contracted for:

	31/01/2015
	RM'000
Property, plant and equipment and expenditures on oil and gas properties	
Group	1,468,651
Share of capital commitment in joint venture companies	1,226,976
Equity commitment in joint venture companies	<u>145,868</u>
Total	<u>2,841,495</u>

10. Taxation

Taxation comprises the following:

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/01/2015 RM'000	Preceding year corresponding quarter 31/01/2014 RM'000	Twelve months to 31/01/2015 RM'000	Twelve months to 31/01/2014 RM'000
Current taxation:				
Malaysian taxation	(20,027)	(3,601)	190,941	110,002
Foreign taxation	23,334	5,781	90,351	48,954
Deferred taxation	<u>(93,193)</u>	<u>(64,844)</u>	<u>(98,790)</u>	<u>(74,896)</u>
	<u>(89,886)</u>	<u>(62,664)</u>	<u>182,502</u>	<u>84,060</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 January 2015 and 31 January 2014 are as follows:

	31/01/2015 RM'000	31/01/2014 RM'000
Short term borrowings		
Secured	44,530	741,709
Unsecured	<u>1,054,046</u>	<u>292,653</u>
	<u>1,098,576</u>	<u>1,034,362</u>
Long term borrowings		
Secured	29,589	11,326,261
Unsecured	<u>15,825,101</u>	<u>-</u>
	<u>15,854,690</u>	<u>11,326,261</u>
	<u>16,953,266</u>	<u>12,360,623</u>

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

	31/01/2015 RM'000	31/01/2014 RM'000
United States Dollar	<u>13,852,394</u>	<u>9,072,132</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:

	31/01/2015 RM'000
Total retained profits of the Group	
- Realised	4,117,697
- Unrealised:	
- in respect of deferred tax recognised in the income statement	(1,072,048)
- in respect of other items of income and expense	(75,147)
	<u>2,970,502</u>
Joint ventures and associated companies	
- Realised	377,598
- Unrealised:	
- in respect of other items of income and expense	42,999
	<u>420,597</u>
Total Group retained profits	3,391,099
Less: Consolidation adjustments	(120,316)
Total Group retained profits as per consolidated accounts	<u>3,270,783</u>

14. Material litigation

On 20 February 2006, Sarku Engineering Services Sdn. Bhd. ("SESSB"), a wholly-owned subsidiary of the Company entered into a contract with Oil and Natural Gas Corporation Limited ("ONGC") for the performance of works by SESSB to revamp 26 well platforms located in Mumbai High South field offshore site ("Contract").

On 21 September 2012, SESSB commenced arbitration proceedings by filing a statement of claim against ONGC in relation to disputes pursuant to the Contract for a sum of Indian Rupee ("INR") 1,063,759,201 and USD123,819,632 (including interest, costs, losses and damages).

On 17 December 2012, ONGC has filed their reply to the Statement of Claim. No counter claims have been filed by ONGC. Documents and witness statements have been filed.

Further examination in chief took place in January 2014 whereby revised list of documents were exchanged and has been taken on record.

The cross examination of ONGC's witness was commenced on 22nd, 23rd December 2014 and 5th, 6th and 7th January 2015. The proceedings were subsequently adjourned to 2nd and 3rd February 2015 for continued cross examination. However, the proceeding had been postponed and the next date of the continued cross examination of ONGC witness will be notified accordingly.

14. Material litigation (cont'd.)

The final submissions are expected to take place on the following dates:

- i) 19th and 20th August 2015 by SESSB solicitor; and
- ii) 2nd and 3rd November 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

	<u>12 months to 31/01/2015</u>	
	Revenue RM'000	Operating profit RM'000
Offshore Construction and Subsea Services ("OCSS")	3,103,575	629,495
Drilling and Energy Services ("DES")	4,892,641	1,208,122
Fabrication, Hook - Up and Commissioning ("FAB & HUC")	2,117,431	294,826
	<u>10,113,647</u>	<u>2,132,443</u>
Corporate expenses and eliminations	(170,628)	(516,481)
Group revenue / profit before taxation	<u>9,943,019</u>	<u>1,615,962</u>

DES segment in current financial year includes:

- Revenues from Drilling of RM2,739.1 million and Energy Services of RM2,153.5 million; and
- Operating profits from Drilling of RM635.3 million and Energy Services of RM572.8 million.

16. Review of performance

16.1 Current quarter vs. corresponding quarter of the preceding year

	Revenue 3 months to		Operating profit 3 months to	
	31/01/2015 RM'000	31/01/2014 RM'000	31/01/2015 RM'000	31/01/2014 RM'000
Business Segments:				
OCSS	521,549	583,211	98,822	40,597
DES	1,212,483	873,408	105,817	256,718
FAB & HUC	668,363	441,201	72,435	69,425
	<u>2,402,395</u>	<u>1,897,820</u>	<u>277,074</u>	<u>366,740</u>
Corporate expenses and eliminations	(7,929)	(13,609)	(237,795)	(92,566)
Group revenue/ profit before taxation	<u>2,394,466</u>	<u>1,884,211</u>	<u>39,279</u>	<u>274,174</u>

16. Review of performance

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

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.

Group

Group revenue for the quarter ended 31 January 2015 of RM2,394.5 million was 27.1% higher than RM1,884.2 million revenue in the corresponding quarter of the preceding year ("Q4 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, combined with higher revenue from FHUC, mainly due to higher revenue recognised by FHUC from its on-going projects.

Excluding unrealised forex gain/(loss), one-off adjustments on depreciation, depletion and amortisation ("DD&A") and provision for impairment on oil and gas properties, and gain arising from acquisition of SKEI's group totalling RM190.4 million, the Group profit before taxation for the current quarter was RM229.7 million compared to RM136.4 million in Q4 FY2014.

Business Segments:

Offshore Construction and Subsea Services

The segment revenue for current quarter decreased by RM61.7 million or 10.6% compared to Q4 FY2014, mainly due to lower scope of works in line with clients' planned activities.

Profit before taxation recorded an increase of RM58.2 million or 143.4% compared to Q4 FY2014 mainly due to higher contribution from contracts executed during the quarter.

Drilling and Energy Services

The segment revenue for the current quarter increased by RM339.1 million or 38.8% compared to Q4 FY2014, primarily due to inclusion of SKEI business subsequent to completion of its acquisition on 11 February 2014.

Excluding one-off adjustments on depreciation, depletion and amortisation ("DD&A") and provision for impairment on oil and gas properties, and gain arising from acquisition of SKEI's group totalling RM162.3 million, the segment profit before taxation for the current quarter was RM268.1 million compared to RM256.7 million in Q4FY2014.

Fabrication, Hook - Up and Commissioning

The segment revenue for current quarter was higher by RM227.2 million or 51.5% compared to Q4 FY2014 mainly due to higher revenue recognised from on-going projects.

The segment posted marginally higher profit before taxation for the quarter.

16. Review of performance

16.2 Current financial year compared to corresponding preceding year

	Revenue 12 months to		Operating profit 12 months to	
	31/01/2015 RM'000	31/01/2014 RM'000	31/01/2015 RM'000	31/01/2014 RM'000
Business Segments:				
OCSS	3,103,575	3,796,671	629,495	453,180
DES	4,892,641	2,721,632	1,208,122	825,211
FAB & HUC	2,117,431	2,051,890	294,826	311,914
	<u>10,113,647</u>	<u>8,570,193</u>	<u>2,132,443</u>	<u>1,590,305</u>
Corporate expenses and eliminations	(170,628)	(191,417)	(516,481)	(382,548)
Group revenue/ profit before taxation	<u>9,943,019</u>	<u>8,378,776</u>	<u>1,615,962</u>	<u>1,207,757</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 year increased by RM1,564.2 million or 18.7% and RM408.2 million or 33.8% respectively compared to revenue and profit before taxation for the 12 months ended 31 January 2014 ("corresponding year"), primarily due to inclusion of the SKEI business subsequent to completion of its acquisition on 11 February 2014.

Business Segments:

Offshore Construction and Subsea Services

The segment revenue for current financial year decreased by RM693.1 million or 18.3% compared to the corresponding year, mainly due to lower scope of works in line with clients' planned activities.

Profit before taxation for the current financial year increased by RM176.3 million or 38.9% compared to the corresponding year, mainly due to higher contribution from contracts executed during the year.

16. Review of performance

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

Drilling and Energy Services

The segment revenue and profit before taxation for the current financial year increased by RM2,171.0 million or 79.8% and RM382.9 million or 46.4% respectively compared to the corresponding year, primarily due to inclusion of SKEI business subsequent to completion of its acquisition on 11 February 2014.

Fabrication, Hook - Up and Commissioning

The segment revenue for current financial year was higher by RM65.5 million or 3.2% compared to the corresponding year due to higher contribution from on-going projects, combined with recognition of revenue from newly executed EPCIC projects during the year. The segment posted lower profit before taxation for the current financial year.

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

Group revenue of RM2,394.5 million was marginally lower compared to the immediate preceding quarter ("Q3 FY2015") of RM2,410.2 million. Group profit before taxation of RM39.3 million was lower compared to Q3 FY2015 of RM411.0 million, primarily attributable to one-off DD&A adjustment and provision for impairment on oil and gas properties, net of gain arising from acquisition of SKEI totalling RM162.3 million.

18. (a) Commentary on prospects

The global oil and gas industry is experiencing difficult times. The crude oil price has seen severe downward pressure in the second half of 2014 and remains volatile.

The Group's continued focus on growing a strong order book combined with emphasis on operational efficiencies will continue to provide the Group resilience for the ensuing year.

The Board believes that the environment for the industry remains challenging in the short to medium term and the Group will see pressures in both revenues and margins. However, the Board is of the view that long term outlook is positive and the Group has strong fundamentals to navigate this uncertain period.

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

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

19. Dividend

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

20. Dividend Paid

- (i) The 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.
- (ii) The second single tier dividend for the financial year ending 31 January 2015 was declared in third quarter of financial year 2015 amounting to RM119.4 million was paid on 21 February 2015.

21. Earnings per share

	Individual Quarter		Cumulative Quarter	
	3 months to 31/01/2015	31/01/2014	12 months to 31/01/2015	31/01/2014
Basic				
Profit attributable to owners of the Parent (RM'000)	129,133	337,234	1,432,752	1,086,914
Weighted average number of ordinary shares in issue ('000)	5,971,797	5,992,155	5,987,066	5,745,208
Basic earnings per share (sen)	<u>2.16</u>	<u>5.63</u>	<u>23.93</u>	<u>18.92</u>

By Order of the Board

Kuala Lumpur
24 March 2015

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Company Secretaries