

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 OCTOBER 2016

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/10/2016 RM'000	Preceding year corresponding quarter 31/10/2015 RM'000	Nine months to 31/10/2016 RM'000	Nine months to 31/10/2015 RM'000
1. Revenue	2,221,724	2,890,796	5,838,504	7,952,494
Other operating income	11,178	10,605	1,357,666	17,545
Operating expenses	(1,700,064)	(2,052,200)	(4,944,272)	(5,374,952)
Profit from operations	532,838	849,201	2,251,898	2,595,087
Depreciation and amortisation	(262,065)	(405,670)	(1,479,161)	(1,064,180)
Provision for impairment on property, plant and equipment and oil and gas properties	-	(317,336)	-	(857,187)
Net provision for impairment on receivables	-	(871)	-	(871)
Provision for impairment on investment	-	(28,254)	-	(28,254)
Changes in provision	-	80,947	-	80,947
Finance income	6,071	3,736	18,149	12,579
Finance costs	(190,941)	(196,371)	(578,773)	(548,994)
Net foreign exchange gain/(loss)	22,317	123,737	(11,003)	232,743
Share of profit from associates and joint venture companies	91,032	88,903	309,417	173,627
Profit before taxation	199,252	198,022	510,527	595,497
Taxation	(41,838)	(68,075)	(131,444)	(100,058)
Profit after taxation	157,414	129,947	379,083	495,439
Attributable to:				
Owners of the Parent	158,059	129,856	380,636	494,634
Non-controlling interests	(645)	91	(1,553)	805
	157,414	129,947	379,083	495,439
2. Earnings per share (sen)				
Basic/Diluted	2.66	2.17	6.40	8.28

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

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THE FIGURES HAVE NOT BEEN AUDITED

II. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	31/10/2016 RM'000	31/10/2015 RM'000	31/10/2016 RM'000	31/10/2015 RM'000
Profit after taxation	157,414	129,947	379,083	495,439
Other comprehensive income:				
<i>Items that may be reclassified to income statements in subsequent periods:</i>				
Foreign currency translation differences	195,016	1,131,067	23,109	1,538,411
Hedge reserve	(9,600)	-	(9,600)	-
Share of other comprehensive income of associated and joint venture companies:				
- Foreign currency translation differences	49,477	(73,215)	65,751	(94,828)
- Hedge reserve	28,840	(4,818)	6,657	(39,834)
Total comprehensive income	<u>421,147</u>	<u>1,182,981</u>	<u>465,000</u>	<u>1,899,188</u>
Attributable to:				
Owners of the parent	421,735	1,184,040	466,202	1,899,619
Non-controlling interests	(588)	(1,059)	(1,202)	(431)
Total comprehensive income	<u>421,147</u>	<u>1,182,981</u>	<u>465,000</u>	<u>1,899,188</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 2016

THE FIGURES HAVE NOT BEEN AUDITED

III. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED As at end of current financial period 31/10/2016 RM'000	AUDITED As at end of preceding financial year 31/01/2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	14,822,213	14,905,658
Expenditures on oil and gas properties	4,133,987	4,707,681
Goodwill on consolidation	8,225,379	8,176,803
Other intangible assets	44,883	64,679
Investment in associates and joint venture companies	1,560,014	1,568,502
Deferred tax assets	177,022	211,360
Trade receivables	31,920	28,937
	<u>28,995,418</u>	<u>29,663,620</u>
Current assets		
Inventories	552,833	572,236
Trade and other receivables	3,472,831	4,114,059
Tax recoverable	134,747	194,554
Cash and cash equivalents	2,823,761	1,947,527
	<u>6,984,172</u>	<u>6,828,376</u>
TOTAL ASSETS	<u>35,979,590</u>	<u>36,491,996</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	5,992,155	5,992,155
Share premium	2,074,255	2,074,255
Shares held under trust	(93,321)	(80,000)
Other reserves	1,907,500	1,821,934
Retained profits	2,779,245	2,398,609
	<u>12,659,834</u>	<u>12,206,953</u>
Non-controlling interests	4,852	6,054
TOTAL EQUITY	<u>12,664,686</u>	<u>12,213,007</u>
Non-current liabilities		
Borrowings	14,502,439	16,238,029
Other payables	392,957	24,112
Provision for assets retirement obligation	188,875	202,809
Derivatives	9,600	-
Deferred tax liabilities	1,256,512	1,269,502
	<u>16,350,383</u>	<u>17,734,452</u>
Current liabilities		
Borrowings	3,356,287	2,091,138
Trade and other payables	3,562,210	4,338,600
Provision for assets retirement obligation	12,530	33,126
Provision for taxation	33,494	81,673
	<u>6,964,521</u>	<u>6,544,537</u>
TOTAL LIABILITIES	<u>23,314,904</u>	<u>24,278,989</u>
TOTAL EQUITY AND LIABILITIES	<u>35,979,590</u>	<u>36,491,996</u>
Net assets per share (RM)	<u>2.12</u>	<u>2.04</u>

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 OCTOBER 2016

THE FIGURES HAVE NOT BEEN AUDITED

IV. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED Nine months to 31/10/2016 RM'000	UNAUDITED Nine months to 31/10/2015 RM'000
Profit before taxation	510,527	595,497
Adjustments	1,831,067	2,116,316
Operating profit before working capital changes	2,341,594	2,711,813
Changes in working capital	(21,599)	(284,628)
Cash generated from operations	2,319,995	2,427,185
Taxation paid	(104,839)	(195,018)
Net cash generated from operating activities	2,215,156	2,232,167
Cash flows from investing activities		
Purchase of shares held under trust	(80,000)	-
Purchase of property, plant and equipment	(186,905)	(577,833)
Additional investment in joint venture companies	-	(9,335)
Expenditure on oil and gas properties	(233,719)	(112,645)
Net advances to joint venture companies	(59,167)	(74,692)
Dividend received from a joint venture company *	449,479	125,022
Other items	17,949	6,536
Net cash used in investing activities	(92,363)	(642,947)
Cash flows from financing activities		
Interest paid	(607,887)	(397,973)
Dividend paid on ordinary shares	-	(200,055)
Net repayment of revolving credit, term loans and Islamic Facility and Sukuk Programme	(644,917)	(43,808)
Net (repayment)/drawdown of hire purchase and lease financing	(11,274)	4,162
Net cash used in financing activities	(1,264,078)	(637,674)
Net increase in cash and cash equivalents	858,715	951,546
Cash and cash equivalents at beginning of year	1,947,527	1,256,551
Effect of exchange rate translation	17,519	148,112
Cash and cash equivalents at end of period	2,823,761	2,356,209

* In the current financial period, the Group received a dividend from Berantai Floating Production Limited, arising from the cessation of the Berantai Risk Service Contract.

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 2016

THE FIGURES HAVE NOT BEEN AUDITED

V. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent						Non- controlling interests	Total equity
	Share capital RM'000	Share premium RM'000	Shares held under trust RM'000	Other reserves RM'000	Retained profits RM'000	Total RM'000	RM'000	RM'000
Nine months to 31 October 2016 (Unaudited)								
At 1 February 2016	5,992,155	2,074,255	(80,000)	1,821,934	2,398,609	12,206,953	6,054	12,213,007
Total comprehensive income	-	-	-	85,566	380,636	466,202	(1,202)	465,000
Transaction with owners:								
Purchase of shares held under trust	-	-	(80,000)	-	-	(80,000)	-	(80,000)
Granted and vested during the period	-	-	66,679	-	-	66,679	-	66,679
Total transaction with owners	-	-	(13,321)	-	-	(13,321)	-	(13,321)
At 31 October 2016	<u>5,992,155</u>	<u>2,074,255</u>	<u>(93,321)</u>	<u>1,907,500</u>	<u>2,779,245</u>	<u>12,659,834</u>	<u>4,852</u>	<u>12,664,686</u>

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 OCTOBER 2016

THE FIGURES HAVE NOT BEEN AUDITED

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

	Attributable to owners of the parent						Non- controlling interests	Total equity
	Share capital RM'000	Share premium RM'000	Shares held under trust RM'000	Other reserves RM'000	Retained profits RM'000	Total RM'000	RM'000	RM'000
Nine months to 31 October 2015 (Unaudited)								
At 1 February 2015	5,992,155	2,074,255	(80,000)	728,829	3,270,783	11,986,022	6,950	11,992,972
Total comprehensive income	-	-	-	1,404,985	494,634	1,899,619	(431)	1,899,188
Transaction with owners:								
Dividend on ordinary shares	-	-	-	-	(80,619)	(80,619)	-	(80,619)
Total transaction with owners	-	-	-	-	(80,619)	(80,619)	-	(80,619)
At 31 October 2015	<u>5,992,155</u>	<u>2,074,255</u>	<u>(80,000)</u>	<u>2,133,814</u>	<u>3,684,798</u>	<u>13,805,022</u>	<u>6,519</u>	<u>13,811,541</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 2016 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB"). These condensed consolidated interim financial statements also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board.

The unaudited condensed consolidated interim financial statements for the financial period ended 31 October 2016 should be read in conjunction with the audited financial statements for the financial year ended 31 January 2016 ("FY2016").

The accounting policies and methods of computation adopted by SapuraKencana Petroleum Berhad ("the Company") and its subsidiaries ("the Group") in these condensed consolidated interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 January 2016 except for the following:

As at 1 February 2016, the Group and the Company have adopted the following revised MFRS and Amendments to MFRS that have been issued by the Malaysian Accounting Standards Board ("MASB").

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

Annual improvement to MFRS 2012-2014 Cycle

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

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

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

Amendments to MFRS 127 : Equity Method in Separate Financial Statements

Amendments to MFRS 101 : Disclosure Initiative

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

MFRS 14 : Regulatory Deferral Accounts

Adoption of the above revised standards does not have material impact on the financial statements of the Group and the Company.

2. Seasonality and cyclicity of operations

The Group's operations are not materially affected by any seasonal or cyclical factors except for severe weather conditions.

3. Unusual items due to their nature, size and incidence

There were no other unusual items affecting the assets, liabilities, equity, net income or cash flows for the current financial period, other than as disclosed in these interim financial statements.

4. Changes in estimates

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

5. Debt and equity securities

During the current quarter, shares worth RM66.7 million were granted and vested to the eligible executive directors and employees under the share bonus scheme. There were no other transactions during the current quarter other than as disclosed.

6. Subsequent events

There was no material event subsequent to 31 October 2016 which has not been reflected in these condensed consolidated interim financial statements.

7. Changes in the composition of the Group

There was no change in the composition of the Group during the current financial period.

8. Contingent liabilities

The Group has provided corporate guarantees to financial institutions for credit facilities granted to joint venture companies amounting to RM1,024.2 million (31 January 2016: RM1,421.0 million).

9. Capital commitments

Capital expenditure for property, plant and equipment and expenditures on oil and gas properties approved and not provided for in these condensed consolidated interim financial statements as at 31 October 2016 are as follows:

Approved and contracted:	31/10/2016 RM'000
Group	<u>1,415,612</u>

10. Taxation

Taxation comprises the following:

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	31/10/2016	31/10/2015	31/10/2016	31/10/2015
	RM'000	RM'000	RM'000	RM'000
Current taxation:				
Malaysian taxation	8,563	(22,030)	67,331	121,399
Foreign taxation	31,840	39,760	60,458	95,349
Deferred taxation	1,435	50,345	3,655	(116,690)
	<u>41,838</u>	<u>68,075</u>	<u>131,444</u>	<u>100,058</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year.

Income from petroleum operation in Malaysia is calculated at the Malaysian petroleum income tax rate of 38%.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

11. Status of corporate proposals announced

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

12. Borrowings

12.1 The Group's borrowings as at 31 October 2016 and 31 January 2016 are as follows:

	31/10/2016	31/01/2016
	RM'000	RM'000
Short term borrowings		
Secured	3,897	9,709
Unsecured	<u>3,352,390</u>	<u>2,081,429</u>
	<u>3,356,287</u>	<u>2,091,138</u>
Long term borrowings		
Secured	8,151	13,605
Unsecured	<u>14,494,288</u>	<u>16,224,424</u>
	<u>14,502,439</u>	<u>16,238,029</u>
	<u>17,858,726</u>	<u>18,329,167</u>

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

	31/10/2016	31/01/2016
	RM'000	RM'000
United States Dollar	<u>14,398,949</u>	<u>14,613,714</u>

13. Derivative financial instruments

The Group has entered into an Islamic Cross-Currency Swap ("ICRCS") contract with a merchant bank to hedge part of the Group borrowings' foreign currency risk.

Details of the derivative outstanding as at 31 October 2016 are as follows:

	Notional Value RM'000	Liabilities Fair Value RM'000
<u>Islamic Cross-Currency Swap</u>		
5 years	<u>176,000</u>	<u>9,600</u>

The Group treats the derivative as a cash flow hedge. Accordingly, the effective portion of the gain or loss on the hedging instrument is recognised directly into the hedge reserve in other comprehensive income, while any ineffective portion is recognised immediately in the income statement as other operating expenses.

There is no gain/(loss) arising from fair value changes of financial liabilities charged in the income statement in the current period.

14. 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:

	31/10/2016 RM'000
Total retained profits of the Company and its subsidiaries	
- Realised	2,976,011
- Unrealised:	
- in respect of deferred tax	(1,079,644)
- in respect of other items of income statement	<u>40,715</u>
	1,937,082
Total share of retained profits from joint ventures and associates	
- Realised	642,753
- Unrealised:	
- in respect of other items of income statement	<u>53,561</u>
	696,314
Total Group retained profits	2,633,396
Add: Consolidation adjustments	<u>145,849</u>
Total Group retained profits as per consolidated accounts	<u>2,779,245</u>

15. Material litigation

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

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

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

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

The cross examination of ONGC's witness commenced on 22nd, 23rd December 2014 and 5th, 6th and 7th January 2015.

The next dates of hearing fixed by the tribunal are on 5th, 6th, 23rd, 24th January 2017 and 6th, 7th, 8th February 2017.

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

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

16. Segment information

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

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

	9 months to 31/10/2016	
	Revenue	Operating profit
	RM'000	RM'000
E&C	3,387,521	472,753
Drilling	1,621,403	235,858
Energy	846,903	55,774
	<u>5,855,827</u>	<u>764,385</u>
Corporate expenses and eliminations	(17,323)	(253,858)
Group revenue / profit before taxation	<u>5,838,504</u>	<u>510,527</u>

17. Review of performance

17.1 Current quarter vs. corresponding quarter of the preceding year

	Revenue 3 months to		Operating profit/(loss) 3 months to	
	31/10/2016 RM'000	31/10/2015 RM'000	31/10/2016 RM'000	31/10/2015 RM'000
Business Segments:				
E&C	1,566,467	1,833,093	274,107	354,032
Drilling	460,391	693,877	33,968	51,800
Energy	196,491	407,151	1,786	(132,948)
	<u>2,223,349</u>	<u>2,934,121</u>	<u>309,861</u>	<u>272,884</u>
Corporate expenses and eliminations	<u>(1,625)</u>	<u>(43,325)</u>	<u>(110,609)</u>	<u>(74,862)</u>
Group revenue/ profit before taxation	<u>2,221,724</u>	<u>2,890,796</u>	<u>199,252</u>	<u>198,022</u>

Group

The Group revenue of RM2,221.7 million was 23.1% lower than RM2,890.8 million in the corresponding quarter of the preceding year ("Q3 FY2016").

The Group recorded profit before taxation of RM199.3 million, which was slightly higher than RM198.0 million in Q3 FY2016. Included in Q3 FY2016 profit before taxation was a provision for impairment on property, plant and equipment and oil and gas properties of RM317.3 million, a provision for impairment on investment of RM28.3 million and changes in provision of RM80.9 million.

The Group performance by business segments is further explained below.

Business Segments:

Engineering and Construction

The segment recorded revenue of RM1,566.5 million, which was 14.5% lower than RM1,833.1 million in Q3 FY2016 in line with lower activities during the current quarter.

The segment recorded profit before taxation of RM274.1 million, a decrease of 22.6% compared to RM354.0 million in Q3 FY2016. The decrease is in tandem with the lower revenue and its corresponding scope of works. Included in Q3 FY2016 profit before taxation was a provision for impairment on property, plant and equipment of RM58.8 million and a provision for impairment on investment of RM28.3 million.

17. Review of performance (cont'd.)

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

Drilling

The segment revenue for the current quarter of RM460.4 million was RM233.5 million or 33.6% lower than RM693.9 million in Q3 FY2016, mainly due to the lower revenue from certain rigs which were off contract during the current quarter, compared to Q3 FY2016.

The segment profit before taxation of RM34.0 million was 34.4% lower than RM51.8 million in Q3 FY2016 due to the lower revenue. Included in the segment Q3 FY2016 profit before taxation was a provision for impairment on property, plant and equipment of RM118.7 million and changes in provision of RM80.9 million.

Energy

The segment recorded revenue of RM196.5 million, which was RM210.7 million lower than RM407.2 million in Q3 FY2016. The decrease is due to the lower average realised oil price achieved and lower barrels of oil lifted in the current quarter.

The profit before taxation of RM1.8 million was RM134.7 million higher than Q3 FY2016. Included in Q3 FY2016 loss before taxation was a provision for impairment on oil and gas properties of RM139.8 million.

17. Review of performance (cont'd.)

17.2 Current period vs. corresponding period of the preceding year

	Revenue 9 months to		Operating profit/(loss) 9 months to	
	31/10/2016 RM'000	31/10/2015 RM'000	31/10/2016 RM'000	31/10/2015 RM'000
Business Segments:				
E&C	3,387,521	4,573,043	472,753	871,928
Drilling	1,621,403	2,247,881	235,858	472,835
Energy	846,903	1,272,731	55,774	(549,580)
	<u>5,855,827</u>	<u>8,093,655</u>	<u>764,385</u>	<u>795,183</u>
Corporate expenses and eliminations	<u>(17,323)</u>	<u>(141,161)</u>	<u>(253,858)</u>	<u>(199,686)</u>
Group revenue/ profit before taxation	<u>5,838,504</u>	<u>7,952,494</u>	<u>510,527</u>	<u>595,497</u>

Group

The Group revenue of RM5,838.5 million was 26.6% lower than RM7,952.5 million in the corresponding period of the preceding year ("corresponding period").

The Group profit before taxation of RM510.5 million was lower by RM85.0 million compared to the corresponding period, in line with the lower revenue. Included in the corresponding period profit before taxation was a provision for impairment on property, plant and equipment and oil and gas properties of RM857.2 million, a provision for impairment on investment of RM28.3 million and changes in provision of RM80.9 million.

Business Segments:

Engineering and Construction

The segment revenue for the current period of RM3,387.5 million was 25.9% lower compared to the corresponding period in line with lower activities during the current period.

The segment profit before taxation of RM472.8 million was 45.8% lower than the corresponding period, in line with the lower revenue and its corresponding scope of works, offset by higher share of profit from the joint venture companies. Included in the corresponding period profit before taxation was a provision for impairment on property, plant and equipment of RM58.8 million and a provision for impairment on investment of RM28.3 million.

17. Review of performance (cont'd.)

17.2 Current period vs. corresponding period of the preceding year (cont'd.)

Business Segments (cont'd.):

Drilling

The segment revenue for the current period of RM1,621.4 million was lower by 27.9% compared to the corresponding period, mainly due to certain rigs which were off contract during the period. The US Dollar denominated revenue decrease was partially cushioned by the strengthening of the US Dollar against Ringgit Malaysia year on year.

The segment profit before taxation of RM235.9 million was 50.1% lower than RM472.8 million in the corresponding period, attributable to the lower revenue. Included in the corresponding period profit before taxation was a provision for impairment on property, plant and equipment of RM118.7 million and changes in provision of RM80.9 million.

Energy

The segment revenue for the current period of RM846.9 million was 33.5% lower compared to the corresponding period, mainly due to the lower average realised oil price achieved and lower barrels of oil lifted in the current period.

The segment profit before taxation of RM55.8 million was higher by RM605.4 million than the corresponding period. Included in the corresponding period's loss before taxation was a provision for impairment on oil and gas properties of RM679.7 million.

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

Group revenue of RM2,221.7 million was 32.6% higher than the immediate preceding quarter ("Q2 FY2017") of RM1,675.3 million, primarily due to higher activities in the Engineering and Construction business segment.

The Group profit before taxation of RM199.3 million was RM12.6 million or 6.7% higher than Q2 FY2017 Group profit before taxation of RM186.7 million, in line with the higher revenue in the current quarter.

19. (a) Commentary on prospects

Industry conditions remained uncertain in the third quarter and prolonged low levels of capital spending continues to pose significant challenges to the industry. To enhance its competitiveness in replenishing the order book, the Group remains focused on strengthening its position in existing markets and expanding into new markets, re-basing costs and improving operational efficiency.

The Board anticipates the challenging environment to persist, however barring any unforeseen circumstances, the Board is confident that the Group will be able to achieve positive results for the financial year.

(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 dividend for the current quarter under review.

21. Earnings per share

	Individual Quarter		Cumulative Quarter	
	3 months to		9 months to	
Basic/Diluted	31/10/2016	31/10/2015	31/10/2016	31/10/2015
Profit attributable to owners of the Parent (RM'000)	158,059	129,856	380,636	494,634
Weighted average number of ordinary shares in issue ('000)	5,935,606	5,971,797	5,946,693	5,971,797
Basic/diluted earnings per share (sen)	2.66	2.17	6.40	8.28

By Order of the Board

Kuala Lumpur
8 December 2016

Izzam bin Ibrahim
LS 0008731
Group Company Secretary