

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2016

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/01/2016 RM'000	Preceding year corresponding quarter 31/01/2015 RM'000	Twelve months to 31/01/2016 RM'000	Twelve months to 31/01/2015 RM'000
1. Revenue	2,231,537	2,394,466	10,184,031	9,943,019
Operating expenses	(1,756,642)	(1,735,425)	(7,131,594)	(6,870,111)
Other operating income	327	9,373	17,872	33,645
	475,222	668,414	3,070,309	3,106,553
Finance income	5,668	4,966	18,247	15,272
Finance costs	(211,177)	(153,107)	(760,170)	(666,566)
Net fair value loss on derivatives	-	-	-	(139)
Depreciation and amortisation	(366,260)	(476,273)	(1,430,439)	(1,306,192)
Provision for impairment on receivables	-	(11,206)	(871)	(8,087)
Net foreign exchange gain/(loss)	88,004	(28,123)	320,747	(1,160)
(Loss)/gain on disposal of property, plant and equipment	-	(6,449)	-	815
Share of profit from associates and joint venture companies	16,719	59,077	190,346	252,117
Profit before taxation, impairments and other items	8,176	57,299	1,408,169	1,392,613
Provision for impairment on investment	-	-	(28,254)	-
Provision for impairment on property, plant and equipment and oil and gas properties	(1,143,811)	(54,935)	(2,000,998)	(54,935)
Deposit on acquisition of oil and gas assets written off	(172,503)	-	(172,503)	-
Changes in provision	-	-	80,947	63,526
Gain arising from acquisition of subsidiaries	-	36,915	-	214,758
(Loss)/profit before taxation, after impairments and other items	(1,308,138)	39,279	(712,639)	1,615,962
Taxation	21,252	89,886	(78,806)	(182,502)
(Loss)/profit after taxation	(1,286,886)	129,165	(791,445)	1,433,460
Attributable to:				
Owners of the Parent	(1,286,191)	129,133	(791,555)	1,432,752
Non-controlling interests	(695)	32	110	708
	(1,286,886)	129,165	(791,445)	1,433,460
2. Earnings per share (sen)				
Basic	(21.54)	2.16	(13.25)	23.93

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 2016

THE FIGURES HAVE NOT BEEN AUDITED

II. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/01/2016 RM'000	Preceding year corresponding quarter 31/01/2015 RM'000	Twelve months to 31/01/2016 RM'000	Twelve months to 31/01/2015 RM'000
(Loss)/profit after taxation	(1,286,886)	129,165	(791,445)	1,433,460
Other comprehensive income:				
<i>Items that may be reclassified to income statements in subsequent periods:</i>				
Foreign currency translation differences	(468,824)	760,183	1,069,587	655,379
Share of other comprehensive income of associated and joint venture companies:				
- Foreign currency translation differences	170,643	51,090	75,815	42,939
- Hedging reserve	(13,469)	14,506	(53,303)	18,047
Total comprehensive income	<u>(1,598,536)</u>	<u>954,944</u>	<u>300,654</u>	<u>2,149,825</u>
Attributable to:				
Owners of the parent	(1,598,071)	954,874	301,550	2,149,176
Non-controlling interests	(465)	70	(896)	649
Total comprehensive income	<u>(1,598,536)</u>	<u>954,944</u>	<u>300,654</u>	<u>2,149,825</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 2016

THE FIGURES HAVE NOT BEEN AUDITED

III. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	As at end of current financial period 31/01/2016 RM'000	As at end of preceding financial year 31/01/2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	14,905,658	13,770,854
Investment in associates and joint venture companies	1,568,502	1,376,723
Expenditures on oil and gas properties	4,707,681	5,555,063
Goodwill on consolidation	8,176,804	7,631,514
Other intangible assets	64,679	108,476
Deferred tax assets	211,360	352,977
Trade receivables	28,938	50,162
	<u>29,663,622</u>	<u>28,845,769</u>
Current assets		
Inventories	572,236	636,629
Trade and other receivables	4,114,059	3,620,805
Tax recoverable	194,554	203,030
Cash and bank balances	1,947,527	1,256,551
	<u>6,828,376</u>	<u>5,717,015</u>
TOTAL ASSETS	<u>36,491,998</u>	<u>34,562,784</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)	(80,000)
Other reserves	1,821,934	728,829
Retained profits	2,398,609	3,270,783
	<u>12,206,953</u>	<u>11,986,022</u>
Non-controlling interests	6,054	6,950
Total equity	<u>12,213,007</u>	<u>11,992,972</u>
Non-current liabilities		
Borrowings	16,238,029	15,854,690
Other payables	24,112	683,786
Provision for assets retirement obligation	202,809	151,350
Deferred tax liabilities	1,269,502	1,425,025
	<u>17,734,452</u>	<u>18,114,851</u>
Current liabilities		
Borrowings	2,091,138	1,098,576
Trade and other payables	4,338,602	3,191,979
Provision for assets retirement obligation	33,126	72,217
Provision for taxation	81,673	92,189
	<u>6,544,539</u>	<u>4,454,961</u>
TOTAL LIABILITIES	<u>24,278,991</u>	<u>22,569,812</u>
TOTAL EQUITY AND LIABILITIES	<u>36,491,998</u>	<u>34,562,784</u>
Net assets per share (RM)	<u>2.04</u>	<u>2.01</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 2016

THE FIGURES HAVE NOT BEEN AUDITED

IV. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED Twelve months to 31/01/2016 RM'000	AUDITED Twelve months to 31/01/2015 RM'000
(Loss)/profit before taxation	(712,639)	1,615,962
Adjustments	4,068,585	1,530,169
Operating profit before working capital changes	3,355,946	3,146,131
Changes in working capital	(412,817)	(846,166)
Cash generated from operations	2,943,129	2,299,965
Taxation paid	(232,982)	(455,371)
Net cash generated from operating activities	2,710,147	1,844,594
Cash flows from investing activities		
Purchase of property, plant and equipment	(424,381)	(1,843,775)
Additional investment in joint venture companies	(19,846)	(24,370)
Net cash outflow on acquisition of subsidiaries	-	(2,374,938)
Expenditure on oil and gas properties	(283,683)	(486,140)
Net advances to joint venture companies	(140,611)	(25,393)
Dividends received from joint venture companies	125,022	40,888
Proceed from disposal of property, plant and equipment	-	44,964
Deposit on acquisition of oil and gas assets	-	(144,940)
Other items	10,972	(2,422)
Net cash used in investing activities	(732,527)	(4,816,126)
Cash flows from financing activities		
Interest paid	(565,740)	(555,077)
Dividend paid on ordinary shares	(200,055)	(140,816)
Net (repayment)/drawdown of revolving credit, term loans and Sukuk	(650,103)	3,523,561
Net drawdown/(repayment) of hire purchase and lease financing	1,090	(3,320)
Purchase of treasury shares - held on trust at cost	-	(80,000)
Net cash (used in)/generated from financing activities	(1,414,808)	2,744,348
Net increase/(decrease) in cash and cash equivalents	562,812	(227,184)
Cash and cash equivalents at beginning of year	1,256,551	1,386,661
Effect of exchange rate translation	128,164	97,074
Cash and cash equivalents at end of year	1,947,527	1,256,551

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 2016

THE FIGURES HAVE NOT BEEN AUDITED

V. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent					Total	Non- controlling interests	Total equity
	Share capital	Share premium	Treasury shares *	Other reserves	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Twelve months to 31 January 2016								
(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	-	-	-	1,093,105	(791,555)	301,550	(896)	300,654
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 January 2016	<u>5,992,155</u>	<u>2,074,255</u>	<u>(80,000)</u>	<u>1,821,934</u>	<u>2,398,609</u>	<u>12,206,953</u>	<u>6,054</u>	<u>12,213,007</u>

* Held on trust at cost

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

	Attributable to owners of the parent					Total	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			
Twelve months to 31 January 2015								
(Audited)								
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	-	-	-	-	(17,703)	(17,703)	-	(17,703)
Purchase of treasury shares*	-	-	(80,000)	-	-	(80,000)	-	(80,000)
Dividends on ordinary shares	-	-	-	-	(260,252)	(260,252)	-	(260,252)
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

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 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 year ended 31 January 2016 should be read in conjunction with the audited financial statements for the financial year ended 31 January 2015 ("FY2015").

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 2015 except for the following:

As at 1 February 2015, 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").

MFRS and amendments to MFRS during the current financial period:

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

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

2. Seasonality and cyclicity of operations

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

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

There were no other unusual items affecting the assets, liabilities, equity, net income or cash flows for the current financial year, 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 year.

5. Issuance or repayment of debts and equity securities

There were no issuance and repayment of debt securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares during the quarter ended 31 January 2016, except as disclosed in Note 12 (c) and (d).

6. Subsequent events

There was no material event subsequent to 31 January 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 year.

8. Contingent liabilities

The Group has provided corporate guarantees to financial institutions for credit facilities granted to joint venture companies amounting to RM1,421.0 million (31 January 2015: RM713.3 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 2016 are as follows:

Approved and contracted:

	31/01/2016
	RM'000
(a) Property, plant and equipment and expenditures on oil and gas properties	
Group	1,722,116
(b) Investment	
Equity commitment in joint venture companies	40,074
	<u>1,762,190</u>
(c) Share of capital commitment in joint venture companies	460,615
Total	<u>2,222,805</u>

10. Taxation

Taxation comprises the following:

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/01/2016 RM'000	Preceding year corresponding quarter 31/01/2015 RM'000	Twelve months to 31/01/2016 RM'000	Twelve months to 31/01/2015 RM'000
Current taxation:				
Malaysian taxation	19,673	(20,027)	141,073	190,941
Foreign taxation	(5,926)	23,334	89,423	90,351
Deferred taxation	(34,999)	(93,193)	(151,690)	(98,790)
	<u>(21,252)</u>	<u>(89,886)</u>	<u>78,806</u>	<u>182,502</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 2016 and 31 January 2015 are as follows:

	31/01/2016	31/01/2015
	RM'000	RM'000
Short term borrowings		
Secured	9,717	14,177
Unsecured	2,081,421	1,084,399
	<u>2,091,138</u>	<u>1,098,576</u>
Long term borrowings		
Secured	13,605	29,589
Unsecured	16,224,424	15,825,101
	<u>16,238,029</u>	<u>15,854,690</u>
	<u>18,329,167</u>	<u>16,953,266</u>

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

	31/01/2016	31/01/2015
	RM'000	RM'000
United States Dollar	<u>14,613,714</u>	<u>13,852,394</u>

(c) SapuraKencana TMC Sdn Bhd ("SKTMC") (a wholly-owned subsidiary of SapuraKencana Petroleum Berhad) had on 14 December 2015 signed a Murabahah Term financing facility ("Islamic Facility") of up to USD2.1 billion (or its equivalent in MYR) with a consortium of Malaysian, regional and international banks.

The Islamic Facility is a 6-year multi-currency facility based on the Shariah principle of Murabahah and the proceeds raised shall be utilised to refinance SKTMC's existing short term Islamic Facility.

The Islamic Facility reflects SKPB Group's continued commitment to retain its status as a Shariah-compliant security under the List of Shariah-Compliant Securities issued by the Shariah Advisory Council of the Securities Commission Malaysia.

(d) On 15 June 2015, SapuraKencana announced to Bursa Malaysia that the Group, through its wholly-owned subsidiary, SKTMC, has lodged and launched a Multi-Currency Islamic Medium Term Notes Programme ("Sukuk Programme") up to RM7.0 billion in nominal value (or its equivalent in US Dollar).

The 30 - year Sukuk Programme is not rated and is structured based on the Shariah principle of Commodity Murabahah (via Tawarruq arrangement). Proceeds raised from the inaugural issuance will be utilised to part refinance SKTMC's existing financings.

12. Borrowings (cont'd.)

(d) (cont'd.)

On 8 September 2015, SKTMC duly executed its first Sukuk offering of USD200 million (RM860 million) in nominal value under the Multi-Currency Sukuk Programme.

On 29 January 2016, SKTMC made a further issuance of RM176.0 million in nominal value of Sukuk Murabahah under the same Sukuk Programme.

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:

	31/01/2016
	RM'000
Total retained profits of the Group	
- Realised	2,702,184
- Unrealised:	
- in respect of deferred tax	(1,067,173)
- in respect of other items of income and expense	<u>137,158</u>
	1,772,169
Joint ventures and associated companies	
- Realised	405,397
- Unrealised:	
- in respect of other items of income and expense	<u>58,865</u>
	464,262
Total Group retained profits	2,236,431
Less: Consolidation adjustments	<u>162,178</u>
Total Group retained profits as per consolidated accounts	<u><u>2,398,609</u></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 commenced on 22nd, 23rd December 2014 and 5th, 6th and 7th January 2015. The final submissions which were expected to take place on 2nd to 3rd February 2015 by ONGC's solicitor, were cancelled by the tribunal.

14. Material litigation (cont'd.)

The final submissions which was fixed on 2nd and 3rd November 2015 has been further continued and fixed to another date as SESB's solicitor required more time to complete the final submission.

The continued final submission is expected to take place on the following revised dates:

- (i) 9th & 10th May 2016 by SESB solicitor;
- (ii) 4th and 5th July 2016 for rebuttal submission by SESB solicitor and a reserve day.

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.

15. Segment information

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

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

Effective from Financial Year 2016, the Group reorganised its business divisions through formation of Engineering and Construction divisions, incorporated elements from the former Offshore Construction and Subsea Services and Fabrication, Hook-up and Commissioning.

The Group also assesses the performance of upstream business separately from the drilling services.

As a result, the Group's current business segment is organised as follows:

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

Following change in composition of operating segments, corresponding reclassifications have been made to the prior year's results for fair comparison of operational performance.

	<u>12 months to 31/01/2016</u>	
	Revenue	Operating profit/(loss)
	RM'000	RM'000
E&C	5,646,115	856,387
Drilling	2,955,766	302,584
Energy	1,599,623	(1,453,725)
	<u>10,201,504</u>	<u>(294,754)</u>
Corporate expenses and eliminations	(17,473)	(417,885)
Group revenue / loss before taxation	<u>10,184,031</u>	<u>(712,639)</u>

16. Review of performance

16.1 Current quarter vs. corresponding quarter of the preceding year

	Revenue		Operating profit/(loss)	
	3 months to		3 months to	
	31/01/2016	31/01/2015	31/01/2016	31/01/2015
	RM'000	RM'000	RM'000	RM'000
Business Segments:				
E&C	1,073,072	1,189,912	(15,540)	171,257
Drilling	707,885	799,606	(170,251)	171,031
Energy	326,891	412,878	(904,147)	(65,214)
	<u>2,107,848</u>	<u>2,402,396</u>	<u>(1,089,938)</u>	<u>277,074</u>
Corporate expenses and eliminations	123,689	(7,930)	(218,200)	(237,795)
Group revenue/ (loss)/profit before taxation	<u>2,231,537</u>	<u>2,394,466</u>	<u>(1,308,138)</u>	<u>39,279</u>

Group

The Group revenue of RM2,231.5 million was RM163.0 million or 6.8% lower than RM2,394.5 million in the corresponding quarter of the preceding year ("Q4 FY2015"), while the Group loss before taxation was RM1,308.1 million compared to Group profit before taxation of RM39.3 million in Q4 FY2015. The variances of Group performances by business segments are further explained below.

The Group recognised provision for impairment on property, plant and equipment and oil and gas properties amounting to RM1,143.8 million. Additionally, during the current quarter, the Group has written off deposit on proposed acquisition of oil and gas assets of RM172.5 million.

The Group recorded profit before taxation of RM8.2 million (after excluding provision for impairment on property, plant and equipment and oil and gas properties amounting to RM1,143.8 million, deposit on proposed acquisition of oil and gas assets written off amounting to RM172.5 million), which was lower by RM49.1 million compared to RM57.3 million in Q4 FY2015 (after excluding provision for impairment on property, plant and equipment and oil and gas properties amounting to RM54.9 million and gain on acquisition of subsidiaries amounting to RM36.9 million).

16. Review of performance (cont'd.)

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

Business Segments:

Engineering and Construction

The segment recorded revenue of RM1,073.1 million, which was RM116.8 million or 9.8% lower than RM1,189.9 million in Q4 FY2015. The lower revenue for the segment was primarily attributable to lower scope of work for domestic projects which are reaching their completion stage, cushioned by higher revenue from on-going international projects.

The segment recorded loss before taxation for the quarter of RM15.5 million, a decrease by RM186.8 million as compared to profit before taxation of RM171.3 million in Q4 FY2015, largely due to provision for impairment on property, plant and equipment amounting to RM144.0 million, combined with lower profit before taxation from domestic projects in tandem with lower revenue.

The segment reported profit before taxation of RM128.5 million (after excluding provision for impairment on property, plant and equipment of RM144.0 million), which was 25.0% lower than RM171.3 million recorded in Q4 FY2015.

Drilling

The segment revenue for the current quarter of RM707.9 million was RM91.7 million or 11.5% lower than RM799.6 million in Q4 FY2015, mainly due to lower revenue from certain rigs which were off contract during the current quarter. This decrease was partially offset by the favourable effect of US Dollar exchange rate movement against Ringgit Malaysia.

The segment recorded loss before taxation for the quarter of RM170.3 million, a decrease by RM341.3 million as compared to profit before taxation of RM171.0 million in Q4 FY2015, largely due to RM282.2 million provision for impairment on property, plant and equipment in the current quarter.

The segment reported profit before taxation of RM111.9 million (after excluding provision for impairment on property, plant and equipment amounting to RM282.2 million) a decrease by RM59.1 million compared to Q4 FY2015.

Energy

The segment recorded revenue of RM326.9 million in the current quarter which was RM86.0 million or 20.8% lower compared to RM412.9 million in Q4 FY2015. The lower revenue generated by the segment was mainly driven by the lower average realised price per barrel achieved in tandem with lower crude oil prices.

The segment recorded loss before taxation of RM904.1 million mainly due to provision for impairment on oil and gas properties amounting to RM717.6 million and deposit on proposed acquisition of oil and gas assets written off amounting to RM172.5 million.

The segment registered loss before taxation of RM14.0 million (after excluding provision for impairment on oil and gas properties of RM717.6 million and deposit on proposed acquisition of oil and gas assets written off amounting to RM172.5 million), compared to loss before taxation of RM47.2 million in Q4 FY2015 (after excluding gain on acquisition of subsidiaries of RM36.9 million and provision for impairment of oil and gas properties of RM54.9 million), which was RM33.2 million improvement.

16. Review of performance

16.2 Current year vs. corresponding preceding year

	Revenue		Operating profit/(loss)	
	12 months to		12 months to	
	31/01/2016	31/01/2015	31/01/2016	31/01/2015
	RM'000	RM'000	RM'000	RM'000
Business Segments:				
E&C	5,646,115	5,221,006	856,387	924,321
Drilling	2,955,766	2,739,126	302,584	635,305
Energy	1,599,623	2,153,515	(1,453,725)	571,622
	<u>10,201,504</u>	<u>10,113,647</u>	<u>(294,754)</u>	<u>2,131,248</u>
Corporate expenses and eliminations	<u>(17,473)</u>	<u>(170,628)</u>	<u>(417,885)</u>	<u>(515,286)</u>
Group revenue/ (loss)/profit before taxation	<u>10,184,031</u>	<u>9,943,019</u>	<u>(712,639)</u>	<u>1,615,962</u>

Group

The Group revenue of RM10,184.0 million was RM241.0 million or 2.4% higher than RM9,943.0 million in the corresponding preceding year ("corresponding year").

The increase in the Group revenue was mainly driven by increased revenue from E&C division attributable to higher revenue from international projects executed during the year. This was offset by the lower revenue from Energy Division in tandem with lower average realised price per barrel.

The Group recorded loss before taxation of RM712.6 million in the current year as compared to RM1,616.0 million profit before taxation in the corresponding year. This was primarily attributable to provision for impairment on property, plant and equipment and oil and gas properties of RM2,001.0 million and deposit on proposed acquisition of oil and gas assets written off amounting to RM172.5 million.

The Group recorded profit before taxation of RM1,408.2 million (after excluding provision for impairment on property, plant and equipment and oil and gas properties of RM2,001.0 million, impairment of investment of RM28.3 million, deposit on proposed acquisition of oil and gas assets written off amounting to RM172.5 million and changes in provision of RM80.9 million), which was RM15.6 million or 1.1% higher than profit before taxation in the corresponding year of RM1,392.6 million (after excluding provision for impairment on property, plant and equipment and oil and gas properties of RM54.9 million, changes in provision of RM63.5 million and gain arising from acquisition of subsidiaries of RM214.8 million)

Business Segments:

Engineering and Construction

The segment registered higher revenue by RM425.1 million or 8.1% compared to corresponding year mainly due to higher revenue from international projects executed during the year.

16. Review of performance (cont'd.)

16.2 Current year vs. corresponding preceding year (cont'd.)

Business Segments (cont'd.):

Engineering and Construction (cont'd.)

The segment recorded a decrease in profit before taxation of RM67.9 million compared to corresponding year primarily due to recognition of provision for impairment on property, plant and equipment and provision for impairment on investment of RM202.8 million and RM28.3 million respectively. However, the impairment was cushioned by higher profit before taxation from International projects in tandem with higher revenue.

The segment reported profit before taxation of RM1,087.5 million (after excluding provision for impairment on property, plant and equipment of RM202.8 million and provision for impairment on investment of RM28.3 million), which was 17.7% higher than RM924.3 million recorded in Q4 FY2015.

Drilling

The segment revenue for the current year of RM2,955.8 million was RM216.6 million or 7.9% higher than RM2,739.1 million in the corresponding year due to favourable effect of US Dollar exchange rate movement against Ringgit Malaysia and the full year positive impact from new build units that partially contributed to the corresponding year's revenue .

The segment recorded profit before taxation of RM302.6 million which was RM332.7 million or 52.4% lower than RM635.3 million in the corresponding year largely due to provision for impairment on property, plant and equipment in the current year amounting to RM400.9 million.

The segment reported profit before taxation of RM622.5 million (after excluding provision for impairment on property, plant and equipment amounting to RM400.9 million and changes in provision of RM80.9 million) which was RM50.7 million or 8.9% higher than RM571.8 million in the corresponding year (after excluding changes in provision of RM63.5 million).

Energy

The segment revenue of RM1,599.6 million for the current year was RM553.9 million lower compared to RM2,153.5 million in the corresponding year. The lower revenue by 25.7% is in with tandem the lower average realised price per barrel and lower barrels of oil lifted.

The segment reported a loss before taxation of RM1,453.7 million during the year primarily attributable to provision for impairment on oil and gas properties of RM1,397.3 million and deposit on proposed acquisition of oil and gas assets written off amounting to RM172.5 million.

The segment registered profit before taxation of RM116.0 million (after excluding provision for impairment on oil and gas properties of RM1,397.3 million and deposit on proposed acquisition of oil and gas assets written off amounting to RM172.5 million), compared to profit before taxation of RM411.8 million in corresponding year (after excluding gain on acquisition of subsidiaries of RM214.8 million and provision for impairment on oil and gas properties of RM54.9 million), which was RM295.8 million lower as compared to corresponding year, in line with lower revenue, as a result of lower average realised price achieved.

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

Group revenue of RM2,231.5 million was RM659.3 million or 22.8% lower than immediate preceding quarter ("Q3 FY2016") of RM2,890.8 million largely driven by lower revenue contribution from E&C Division due to lower scope of works.

Group registered loss before taxation of RM1,308.1 million in the current quarter. This was mainly due to provision for impairment on property, plant and equipment and oil and gas properties of RM1,143.8 million and deposit on proposed acquisition of oil and gas assets written off amounting to RM172.5 million, as compared to RM264.6 million provision for impairment on property, plant and equipment and oil and gas properties, provision for impairment on investment and changes in provision in Q3 FY2016.

The Group recorded profit before taxation of RM8.2 million (after excluding provision for impairment on property, plant and equipment and oil and gas properties amounting to RM1,143.8 million, deposit on proposed acquisition of oil and gas assets written off amounting to RM172.5 million), compared to RM462.7 million in Q3 FY2016 (after excluding provision for impairment on property, plant and equipment and oil and gas properties of RM317.3 million, provision for impairment on investment of RM28.3 million and changes in provision of RM80.9 million).

18. (a) Commentary on prospects

The global oil and gas industry has seen a challenging year in FY2016 driven by sustained low oil price environment, reduced capital spending leading to project deferrals.

The Group's efforts in replenishing the orderbook, optimising its cost base and enhancing operational efficiencies have contributed positively to the overall performance in FY2016. Our immediate strategy is to continue focusing on growing the orderbook in key markets and enhancing operational efficiencies to remain resilient during this sustained low oil price environment. The Group will continue to face stiff competition arising from declining capital spend and margins pressure.

The Board anticipates the challenging environment to persist over the medium term. However, the Group has put in place strategic and operational plans to navigate through this 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 single tier interim dividend for financial year ended 31 January 2016 of 1.35 sen per share, which was declared on 15 June 2015 amounting to RM80.6 million was paid on 28 August 2015.

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

20. Earnings per share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>31/01/2016</u>	<u>31/01/2015</u>	<u>31/01/2016</u>	<u>31/01/2015</u>
Basic				
Profit attributable to owners of the Parent (RM'000)	(1,286,191)	129,133	(791,555)	1,432,752
Weighted average number of ordinary shares in issue ('000)	5,971,797	5,971,797	5,971,797	5,987,066
Basic earnings per share (sen)	<u>(21.54)</u>	<u>2.16</u>	<u>(13.25)</u>	<u>23.93</u>

By Order of the Board

Kuala Lumpur
25 March 2016

Jasmin Abdul Rashid
LS 0009589

Company Secretary