SAPURAKENCANA PETROLEUM BERHAD
(Formerly known as Sapura-Kencana Petroleum Berhad)
(Company No : 950894-T)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2013

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED INCOME STATEMENT

		Individual Quarter		Cumulative Quarter	
		Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
		31/01/2013	**31/01/2012**	**31/01/2013**	**31/01/2012**
		RM'000	RM'000	RM'000	RM'000
1.	**Revenue**	**1,957,551**	**560,434**	**6,912,414**	**2,556,402**
	Operating expenses	(1,705,733)	(442,000)	(5,858,585)	(2,011,161)
	Other operating income	(23,859)	8,108	50,600	15,536
	Profit from operations	227,959	126,542	1,104,429	560,777
	Interest income	6,506	3,339	19,352	9,854
	Interest expenses	(77,002)	(15,175)	(227,446)	(52,330)
	Net fair value gain on derivatives	875	1,276	1,312	848
	Depreciation and amortisation	(46,465)	(34,213)	(232,858)	(96,199)
	Net foreign exchange gain/(loss)	38,100	24,222	(11,089)	27,490
	Net allowance for impairment on receivables	1,483	(3,153)	(1,108)	(3,153)
	Gain arising from acquisition of a subsidiary	-	-	41,950	-
	Allowance for impairment on property, plant and equipment	-	(3,402)	-	(3,402)
	Allowance for impairment on investment in a jointly-controlled entity	-	(643)	-	(643)
	Share of results of associated companies and jointly-controlled entities	56,391	23,546	135,208	76,292
	Profit before taxation	**207,847**	**122,339**	**829,750**	**519,534**
	Taxation	(18,063)	(16,093)	(165,969)	(73,488)
	Profit for the year	**189,784**	**106,246**	**663,781**	**446,046**
	Attributable to:				
	Owners of the parent	123,893	48,015	524,596	281,727
	Non-controlling interests	65,891	58,231	139,185	164,319
		189,784	**106,246**	**663,781**	**446,046**
2.	**Earnings per share (sen)**				
	Basic	**2.48**	**N/A**	**10.48**	**N/A**

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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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2013

THE FIGURES HAVE NOT BEEN AUDITED

II. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		**Cumulative Quarter**	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/01/2013	**31/01/2012**	**31/01/2013**	**31/01/2012**
	RM'000	RM'000	RM'000	RM'000
Profit for the year	**189,784**	**106,246**	**663,781**	**446,046**
Other comprehensive income:				
Foreign currency translation differences	32,812	(38,114)	48,673	(13,306)
Share of other comprehensive income of jointly-controlled entities	1,820	1,861	5,267	1,189
Total comprehensive income	224,416	69,993	717,721	433,929
Attributable to:				
Owners of the parent	148,013	17,823	547,880	267,652
Non-controlling interests	76,403	52,170	169,841	166,277
Total comprehensive income	224,416	69,993	717,721	433,929

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

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III. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED As at end of current financial year 31/01/2013	UNAUDITED As at end of preceding financial year 31/01/2012
ASSETS	RM'000	RM'000
Non-current assets		
Property, plant and equipment	4,222,103	1,446,851
Investment in jointly-controlled entities and associated companies	594,718	320,942
Expenditures on oil and gas properties	780,063	178,820
Goodwill on consolidation	4,985,480	211,883
Other intangible assets	49,565	8,360
Deferred tax assets	43,802	18,465
	10,675,731	2,185,321
Current assets		
Inventories	244,253	79,747
Trade and other receivables	3,205,950	1,252,940
Derivative financial assets	-	355
Cash and bank balances	1,025,772	704,911
	4,475,975	2,037,953
TOTAL ASSETS	**15,151,706**	**4,223,274**
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	5,004,366	- *
Share premium	242,886	-
Other reserves	(19,190)	708,748
Retained profits	1,109,072	584,476
	6,337,134	1,293,224
Non-controlling interests	405,775	332,120
Total equity	6,742,909	1,625,344
Non-current liabilities		
Borrowings	3,566,702	580,867
Derivative financial liabilities	1,284	1,508
Deferred tax liabilities	91,203	16,082
	3,659,189	598,457
Current liabilities		
Trade and other payables	2,280,126	1,149,224
Borrowings	2,374,270	829,795
Derivative financial liabilities	2,206	571
Taxation	93,006	19,883
	4,749,608	1,999,473
TOTAL LIABILITIES	8,408,797	2,597,930
TOTAL EQUITY AND LIABILITIES	**15,151,706**	**4,223,274**
Net assets per share (RM)	**1.27**	**N/A**

* Represents a balance of RM2.00

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

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IV. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Twelve months to 31/01/2013 RM'000	Unaudited Twelve months to 31/01/2012 RM'000
Profit before tax	**829,750**	**519,534**
Adjustments:		
Depreciation and amortisation	232,858	96,199
Interest expenses	227,446	52,330
Interest income	(19,352)	(9,854)
Net fair value gain on derivatives	(1,312)	(848)
Share of results of associates and jointly-controlled entities	(135,208)	(76,292)
Net allowance for impairment on receivables	1,108	3,153
Net unrealised foreign exchange loss/(gain)	7,248	(28,967)
Allowance for impairment on property, plant and equipment	-	3,402
Allowance for impairment on investment in a jointly-controlled entity	-	643
Rig refurbishment costs no longer payable	-	(4,763)
Provision for costs no longer required	-	(19,980)
Other items	1,435	982
Operating profit before working capital changes	1,143,973	535,539
Changes in working capital		
Increase in inventories	(78,060)	(16,153)
(Increase)/decrease in trade and other receivables	(591,968)	230,090
Changes in derivatives	4,666	-
Changes in balances with jointly-controlled entities	(480,921)	(23,978)
Increase/(decrease) in trade and other payables	806,727	(366,291)
Cash generated from operations	804,417	359,207
Interest paid	(180,489)	(28,146)
Taxation paid	(190,126)	(56,758)
Net cash generated from operating activities	**433,802**	**274,303**
Cash flows from investing activities		
Arising from merger exercise	(875,066)	-
Transaction expenses in relation to the merger exercise	(28,500)	-
Purchase of property, plant and equipment	(843,357)	(185,785)
Expenditures on oil and gas properties	(597,699)	(178,820)
Purchase of intangible assets	-	(4,775)
Investment in associates and jointly-controlled entities	(307,267)	(66,450)
Acquisition of subsidiaries	(194,208)	(283,772)
Proceeds from disposal of property, plant and equipment	249	490
Dividend from a jointly-controlled entity	26,688	38,257
Dividend to non-controlling interest of subsidiaries	(98,908)	(157,751)
Other items	8,872	10,310
Net cash used in investing activities	**(2,909,196)**	**(828,296)**
Cash flows from financing activities		
Redemption of Murabahah Commercial Paper (MCPs)	(95,000)	(5,000)
Redemption of Istisna Bonds	(60,000)	-
Dividend paid	-	(70,220)
Drawdown of revolving credit	464,080	199,945
Drawdown of term loans	2,684,169	-
(Repayment)/drawdown of Ijarah facility	(185,818)	101,717
Repayment of hire purchase and lease financing	(14,569)	(124,362)
Increased of fixed deposits pledged	1,442	-
Net changes in short term borrowings	(4,820)	403,683
Net cash generated from financing activities	**2,789,484**	**505,763**
Net increase/(decrease) in cash and cash equivalents	**314,090**	**(48,230)**
Cash and cash equivalents at beginning of year	704,911	768,381
Effect of exchange rate translation	6,771	(15,240)
Cash and cash equivalents at end of year	**1,025,772**	**704,911**

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

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	Other Reserves RM'000	Retained profits RM'000	Total RM'000	RM'000	RM'000
Twelve months to 31 Jan 2013 (Unaudited)							
At 1 February 2012	- *	-	708,748	584,476	1,293,224	332,120	1,625,344
Capital repayment	-	-	(760,681)	-	(760,681)	-	(760,681)
Movement in share option reserve	-	-	501	-	501	-	501
Shares issued pursuant to the acquisition of subsidiariers and merger expenses	5,004,366	242,886	8,955	-	5,256,207	-	5,256,207
Total comprehensive income	-	-	23,287	524,596	547,883	169,841	717,724
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	2,722	2,722
Dividend to non-controlling interest of a subsidiary	-	-	-	-	-	(98,908)	(98,908)
At 31 January 2013	5,004,366	242,886	(19,190)	1,109,072	6,337,134	405,775	6,742,909
Twelve months to 31 Jan 2012 (Unaudited)							
At 1 February 2011	-	-	722,823	372,969	1,095,792	325,618	1,421,410
Total comprehensive income	-	-	(14,075)	281,727	267,652	166,277	433,929
Dividend	-	-	-	(70,220)	(70,220)	-	(70,220)
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	(2,024)	(2,024)
Dividend to non-controlling interest of a subsidiary	-	-	-	-	-	(157,751)	(157,751)
At 31 January 2012	-	-	708,748	584,476	1,293,224	332,120	1,625,344

* Represents a balance of RM2.00

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 2013 have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

These condensed consolidated interim financial statements form part of the year covered by the Group's first MFRS annual financial statements for the year ending 31 January 2013. MFRS 1 *First-Time Adoption of Malaysian Financial Reporting Standards* ("MFRS 1") has been applied.

2. First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

The Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* ("MFRS 1") for the first time in these condensed consolidated interim financial statements. For the years up to and including the year ended 31 January 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

In preparing its opening MFRS Statements of Financial Position as at 1 February 2011 (which is also the date of transition), the Group has considered the transition from FRS to MFRS and no adjustments were required to be made to the amounts previously reported in financial statements prepared in accordance with FRS. The transition from FRS to MFRS has not resulted any material impact on the condensed consolidated statement of financial position, condensed consolidated statement of comprehensive income and condensed consolidated statement of cash flows.

3. Significant accounting policies and application of MFRS 1

The financial statements of the Group for the year ended 31 January 2012 were prepared in accordance with FRS. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the financial statements for the year ended 31 January 2013 except as discussed below:

(a) Business combinations

MFRS 1 provides the option to apply MFRS 3 Business Combinations prospectively from the date of transition, or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

3. Significant accounting policies and application of MFRS 1 (cont'd.)

(a) Business combinations (cont'd.)

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition:

(i) The classification of former business combination under FRS is maintained;
(ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
(iii) The carrying amount of goodwill recognised under FRS is not adjusted.

(b) Property, plant and equipment

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS 16 (Revised) Property, Plant and Equipment which was effective for year ending on or after 1 September 1998. By virtue of this transitional provision, the Group has recorded a vessel at revalued amount but had not adopted a policy of revaluation and continued to carry the vessel on the basis of their previous revaluation in 1998 subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments. Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment, where there is no change to net assets.

(c) Foreign currency translation reserve

Under FRS, the Group recognized translation differences on foreign operations in a separate component of equity. MFRS 1 exemption allows the cumulative translation for all foreign operations deemed to be zero at the date of transition.

Upon transition to MFRS, the Group has elected to maintain the foreign currency translation reserve.

(d) Estimates

The estimates at 1 February 2011 and at 31 January 2012 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at the date of transition to MFRS i.e. 1 February 2011 and as at 31 January 2012.

4. Seasonality and cyclicality of operations

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

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

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

6. Changes in estimates

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

7. Debts and equity securities

There was no issuance, repurchase and repayment of debt and equity securities during the current financial year.

8. Segment information

The Group operates four key segments namely:

(i) Offshore , Construction & Subsea Services (“OCSS”);
(ii) Energy & Joint Ventures (“EJV”);
(iii) Drilling, Geotech & Maintenance Services (“DGMS”) and;
(iv) Fabrication, Hook Up & Commissioning (“FAB & HUC”).

	12 months to 31/01/2013	
	Segment Revenue RM'000	**Segment Results RM'000**
OCSS	3,705,170	528,360
EJV	796,317	251,876
DGMS	418,996	23,191
FAB & HUC	1,991,931	299,266
Corporate	481,809	139,384
	7,394,223	1,242,077
Others:		
Finance costs of debt securities	-	(40,501)
Management fees	(154,426)	(154,426)
Consolidation adjustment	(327,383)	(217,400)
Consolidated revenue / profit before tax	**6,912,414**	**829,750**

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

9. Subsequent event

On 8 February and 13 February 2013, the Company announced that SapuraKencana Drilling Pte Ltd (“SDPL”), a wholly-owned subsidiary of Company, and Seadrill Ltd (“Seadrill”) have entered into a conditional sale and purchase agreement (“SPA”) and a separation and transitional services agreement (“STSA”) in relation to the proposed combination and integration of the respective tender rigs businesses of both the Company and Seadrill by way of the acquisition by SDPL of the entire issued share capital of Seadrill Tender Rig Ltd (“STRL”) and 99% of the issued share capital of PT Nordrill Indonesia (“PTNI”) (“Proposed Transaction”).

In conjunction with the Proposed Transaction, the Company is also proposing to implement the Proposed Base Placement of New Ordinary Shares of RM1.00 each in SKPB to raise gross proceeds of USD250.0million (“Proposed Base Placement”) and Proposed Additional Placement of up to 300 million new SKPB shares (“Proposed Additional Placement”) to part finance the Proposed Transaction (collectively referred to as “Proposals”).

Barring unforeseen circumstances and subject to all required approvals being obtained, the Proposals are expected to be completed in the 2nd quarter of 2013.

10. Changes in the composition of the Group

(a) On 15 May 2012, the Company completed the acquisition of the businesses and undertakings, including all assets and liabilities of SapuraCrest Petroleum Berhad ("SCPB or SapuraCrest") and Kencana Petroleum Berhad ("KPB or Kencana") (the "Acquisitions"). In accordance with MFRS 3 Business Combinations, the entity that obtains control of the acquiree will be identified as the acquirer. However, as the Company is a new entity which was formed to undertake the Acquisitions, one of the entities that existed before the completion shall be identified as the acquirer. Taking into consideration the guidance in MFRS 3 Business Combinations, SCPB has been identified as the deemed acquirer. Accordingly, the acquisition of SCPB was accounted for using the merger accounting (pooling of interest method) whereas the acquisition of the businesses and undertakings of Kencana was accounted for using the acquisition method.

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

	Fair value recognised on acquisition RM'000
Assets	
Property, plant and equipment	1,734,077
Intangible assets	47,246
Expenditure on oil and gas properties	270,582
Investments in associates	88,983
Inventories	86,449
Trade and other receivables	527,982
Cash and cash equivalents	730,082
	3,485,401
Liabilities	
Trade and other payables	(442,003)
Borrowings	(1,454,443)
Deferred tax liabilities	(27,571)
	(1,924,017)
Fair value of net identifiable assets	1,561,384
Less : Non-controlling interest	(2,722)
Group's interest in fair value of net identifiable assets	1,558,662
Goodwill arising on acquisition	4,771,662
Total cost of business combination	6,330,324
Purchase consideration consist of:	
Issuance of new ordinary shares of par value of RM1 each	5,361,635
Cash	968,689
	6,330,324
Analysis of cash flows on acquisition	
Total cash paid	968,689
Less: Cash and cash equivalents of subsidiaries acquired	(730,082)
Net cash flow on acquisition	238,607

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

(a) cont'd.

The fair value adjustments were provisional and the final allocation of the purchase price will be determined after the completion of a final analysis (to be completed within one year from acquisition date) to determine the fair values of acquired tangible assets and liabilities and identifiable intangible assets.

The condensed consolidated interim financial statements include the results of Kencana's businesses for the eight and a half months period from the date of acquisition. Kencana's businesses have contributed RM2,128.1 million of revenue and RM350.2 million to the profit before tax of the Group from the date of acquisition.

(b) On 13 July 2012, the Company, through its wholly-owned subsidiary, Geomark Sdn Bhd ("Geomark") entered into a Share Sale Agreement with Quippo Prakash Marine Holdings Pte Ltd ("QPMH"), MDL Energy Pvt Ltd ("MDL"), Quippo Oil and Gas Infrastructure Ltd ("QOGIL") (collectively referred as "the Vendors") to acquire 74,000 ordinary shares of SGD1.00 each in Quippo Prakash Pte Ltd ("QP") ("Sale Shares") which is equivalent to 74% of the issued and paid-up capital of QP. Geomark acquired the Sale Shares from the Vendors for the sum of USD22,549,617.11 or RM70,384,120.00 ("Consideration").

The Consideration was arrived at on a willing buyer-willing seller basis after taking into consideration QP's audited consolidated net assets as at 31 March 2012 as well as the market valuation of the derrick lay barge QP2000 ("the Vessel") which has lifting capacity of up to 2,000 metric tonnes. QP is the owner of the Vessel. The Consideration was satisfied entirely by cash.

The acquisition was completed on 28 August 2012. With the completion of the acquisition, QP became a wholly-owned subsidiary of the Company.

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

(b) cont'd.

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

	Fair value recognised on acquisition RM '000
Assets	
Property, plant and equipment	468,901
Deferred tax assets	13,428
Trade receivables	1,125
Other receivables	5,768
Amount due from related companies	721
Cash and bank balances	25,800
	515,743
Liabilities	
Derivative financial liabilities	(2,028)
Borrowings	(281,295)
Deferred tax liabilities	(40,562)
Other payables	(1,736)
Amount due to holding co	(19,786)
Tax payables	(18,533)
	(363,940)
Fair value of net identifiable assets	151,803
Gain arising from acquisition	(41,950)
Total cost of business combination	109,853
Purchase consideration consist of:	
Portion discharged by non-cash consideration	39,469
Cash	70,384
	109,853

The condensed consolidated interim financial statements include the results of QP's businesses for the five months period from the date of acquisition. QP's businesses have contributed RM7.8 million to the profit before tax of the Group from the date of acquisition.

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

11. Contingent liabilities

The Group has provided corporate guarantees to financial institutions for credit facilities granted to jointly-controlled entities as at 31 January 2013 for a sum of RM423.3 million (as compared to 31 January 2012 for a sum of RM517.7 million).

12. Capital commitments

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

Approved and contracted for:

	RM'000
Group	1,944,220
Share of capital commitment in jointly-controlled entities	988,546
Total	2,932,766

13. Taxation

Taxation comprises the following:

	Current quarter 31/01/2013 RM'000	Preceding corresponding quarter 31/01/2012 RM'000	Current financial year 31/01/2013 RM'000	Preceding corresponding financial year 31/01/2012 RM'000
Malaysian taxation				
- Current taxation	5,769	25,221	156,538	84,098
- Over provision in respect of prior year	-	(2,376)	-	(1,872)
Foreign taxation				
- Current taxation	8,939	1,253	10,329	1,281
- Under provision in respect of prior year	-	4,207	-	4,207
Deferred taxation	3,931	(12,180)	(322)	(14,194)
- Over provision in respect of prior year	(576)	(32)	(576)	(32)
	18,063	16,093	165,969	73,488

The effective tax rate for the current quarter and current financial year were lower than the statutory tax rate of 25% principally due to lower tax rates for offshore subsidiary companies.

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

There were no other corporate proposals announced but not completed as at the date of this announcement, except for the proposal disclosed in Note 9.

(b) Status of utilization of proceeds

(aa) Istisna' Bonds Proceeds

	Purpose	Proposed Utilization RM'000	Actual Utilization RM'000
i)	To finance and/or refinance the cost of investment and/or acquisition of any oil and gas related businesses and/or any oil and gas related assets	90,000	79,342
ii)	For group working capital and/or capital expenditure purposes, which will be Syariah Compliant	30,000	30,000
iii)	To reimburse the SapuraCrest group for the acquisition of Sarku Clementine	45,000	45,000
iv)	To buy back Istisna' bonds and Murabahah Medium Term Notes (Islamic Private Debt Securities)	80,000	80,000
	Total	245,000	234,342

(bb) Private placement

The utilization of proceeds of RM396.74 million raised from the Private Placement as at 31 January 2013 is as follows:

No.	Purpose	Actual utilization RM '000
(i)	Expenses for corporate exercise	25,889
(ii)	Capital expenditure	105,392
(iii)	Working capital	76,451
(iv)	Repayment of bank borrowings	92,211
(v)	Investment in subsidiaries	96,798
	Total	396,741

The above actual utilization is in line with the intended utilization of the Private Placement as announced on 3 December 2010.

15. Borrowings

The Group's borrowings as at 31 January 2013 are as follows:

	Long term borrowings			Short term borrowings			Total
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000	RM'000
Domestic Banks	2,761,144	-	2,761,144	1,411,708	591,476	2,003,184	4,764,328
Foreign Banks	6,163	-	6,163	311,330	-	311,330	317,493
Debt securities							
- Istisna' Bonds	129,472	-	129,472	59,756	-	59,756	189,228
- Sukuk Mudharabah Program	669,923	-	669,923	-	-	-	669,923
	3,566,702	-	3,566,702	1,782,794	591,476	2,374,270	5,940,972

The above includes borrowings in US Dollars equivalent to RM2.2 billion and Australian Dollars equivalent to RM9.4million.

16. Derivative financial instruments

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

	Contract/Notional Amount At 31 January 2013 RM'mil	Asset/(Liability) Fair Value RM'mil
Cross Currency Interest Rate Swap (CCIRS)	245.0	
- Less than 1 year	-	(0.6)
- 1 year to 3 years	-	(1.3)
Interest Rate Swap	139.5	
- Less than 1 year	-	(1.6)
	384.5	(3.5)

There is no change in respect of the following since the last financial year ended 31 January 2012:

i. the credit risk, market risk and liquidity risk associated with the derivatives;
ii. the cash requirements of the derivatives; and
iii. the policy in place for mitigating or controlling the risks associated with these financial derivatives.

The gain arising from fair value changes of financial liabilities is as follows:

Type of financial liability	Current quarter RM'000	Year to date RM'000	Basis of fair value measurement	Reasons for gain
CCIRS/ Interest rate swap	875	1,312	The fair value is computed using a valuation technique which utilizes data from recognized financial information sources including rates from relevant yield curves.	The USD/MYR foreign exchange rate has moved in favor of the Group since the last measurement date.

17. 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:

	Company and subsidiaries RM'000	Jointly-controlled entities RM'000	Consolidation adjustments RM'000	Retained profits RM'000
As at 31 January 2013				
Realised profits/(losses)	1,358,404	151,080	(357,920)	1,151,564
Unrealised profits/(losses)	(54,648)	11,022	1,134	(42,492)
	1,303,756	162,102	(356,786)	1,109,072

18. Material litigation

A demand was made by Sarku Engineering Services Sdn Bhd ("SESSB"), a wholly-owned subsidiary of the Company, on 4 April 2012 against Oil & Natural Gas Corporation Ltd ("ONGC") in connection with the claims for the performance of works by SESSB to revamp 26 well platforms located in Mumbai High South field offshore pursuant to a contract entered between SESSB and ONGC on 20 February 2006 ("Contract") for a sum of INR977,569,460.70 (approximately RM58.26 million converted at an exchange rate of INR1:RM0.0596) and USD123,855,262.86 (approximately RM379.61 million converted at an exchange rate of USD1:RM3.065) including interest, costs, losses and damages.

Under the Contract, SESSB can elect to refer the disputes and seek to recover its claims by way of arbitration. SESSB has been advised by its solicitors that SESSB has a reasonable basis for its claims. SESSB has sent its Notice of Arbitration on 28 May 2012. SESSB had, on 21 September 2012, commenced Arbitration Proceedings by filling a Statement of Claim against ONGC in relation to disputes pursuant to the Contract.

On 17 December 2012 ONGC has filed their reply to the Statement of Claim. No counter claims have been filed by ONGC. Documents are being filed by the parties and witness statements are likely to be filed in the month of August 2013.

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.

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

Profit before taxation for current quarter has decreased by RM53.5 million or 20.5% as compared to immediate preceding quarter, due to one-off merger related and other corporate exercise expenses.

20. Review of performance

20.1 Current quarter vs. corresponding quarter of the preceding year

RM'000	Revenue 3 months to 31/01/2013	Revenue 3 months to 31/01/2012	Profit before taxation 3 months to 31/01/2013	Profit before taxation 3 months to 31/01/2012
Consolidated Total	1,957,551	560,434	207,847	122,339
Business Segments:				
OCSS	772,192	225,390	61,495	22,881
EJV	340,132	190,667	90,965	129,976
DGMS	133,732	83,159	2,052	(9,524)
FAB & HUC	711,495	61,218	101,020	(29,634)
Corporate	441,343	135,288	348,414	74,531
Less: Management fees	(102,633)	(65,891)	(102,633)	(65,891)
Less: Consolidation adjustment	(338,710)	(69,397)	(293,466)	-
	1,957,551	560,434	207,847	122,339

Consolidated total

The Group's revenue for current quarter has increased by RM1,397.1 million or 249.3% as compared to corresponding quarter of the preceding year. Higher revenue recorded in FAB & HUC segment was the result of higher fabrication and hook-up commissioning activities from several contracts, while in OCSS segment the contribution was from Domgas Project and IRM Contract.

Profit before taxation for current quarter has increased by RM85.5 million or 69.9% as compared to corresponding quarter of the preceding year, in line with the revenue increase as outlined above.

Business Segments:

OCSS

The segment revenue for current quarter has increased by RM546.8 million or 242.6% as compared to corresponding quarter in the preceding year, mainly due to higher scope of works for Pan Malaysia contracts in line with client planned activities and contribution from other projects executed during the current quarter. In addition, revenue for the segment has improved as a result of contribution from SapuraClough's business acquired in December 2011 and Kencana's diving and underwater related services subsequent to the merger of SapuraCrest and Kencana.

Profit before taxation recorded an increase of RM38.6 million or 168.8% as compared to corresponding quarter in the preceding year, consistent with the increase in the segment revenue and favorable results recorded in jointly-controlled entities from international projects.

20. Review of performance (cont'd.)

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

EJV

The segment's revenue for current quarter increased by RM149.5 million or 78.4% as compared to corresponding quarter in the preceding year, mainly due to revenue on opex and capex reimbursement on Berantai field following commencement of gas production on 20 October 2012.

However, profit before taxation for current quarter has decreased by RM39.0 million or 30.0% as compared to corresponding quarter in the preceding year, due to expenses incurred to build capabilities in energy business unit.

DGMS

The segment revenue for current quarter has increased by RM50.6 million or 60.8% as compared to corresponding quarter in the preceding year and the loss of RM9.5 million in corresponding quarter in the preceding year which has improved to RM2.1 million in the current quarter, mainly due to the inclusion of Kencana's businesses results subsequent to merger of SapuraCrest and Kencana.

FAB & HUC

The segment revenue for current quarter has increased by RM650.3 million or 1062.2% as compared to corresponding quarter in the preceding year. It recorded a loss of RM29.6 million in corresponding quarter in the preceding year which has improved to profit before taxation of RM101.0 million in the current quarter. Both improvement in revenue and profit before taxation are mainly due to the inclusion of Kencana's businesses results subsequent to merger of SapuraCrest and Kencana.

Corporate

Corporate revenue which consists of dividend income and management fees charged to entities within the operating segments increased by RM306.1 million or 226.2% as compared to corresponding quarter in the preceding year.

Corporate profit before taxation for current quarter has increased by RM273.9 million or 367.5% as compared to corresponding quarter in the preceding year.

20.2 Current financial year vs. twelve months of the preceding year

RM'000	Revenue 12 months to		Profit before taxation 12 months to	
	31/01/2013	**31/01/2012**	**31/01/2013**	**31/01/2012**
Consolidated Total	6,912,414	2,556,402	829,750	519,534
Business Segments:				
OCSS	3,705,170	1,444,941	528,360	288,902
EJV	796,317	711,380	251,876	344,243
DGMS	418,996	196,409	23,191	(25,671)
FAB & HUC	1,991,931	203,672	299,266	(32,807)
Corporate	481,809	280,643	98,883	122,442
Less: Management fees	(154,426)	(98,373)	(154,426)	(98,373)
Less: Consolidation adjustment	(327,383)	(182,270)	(217,400)	(79,202)
	6,912,414	2,556,402	829,750	519,534

20. Review of performance (cont'd.)

20.2 Current financial year vs. twelve months of the preceding year

Consolidated total

The Group registered a substantial growth in revenue from RM2.6 billion to RM6.9 billion subsequent to completion of the merger exercise. The consolidated profit before taxation also reflected an increase from RM520 million to RM830 million as compared to the preceding financial year despite the one–off occurrence of merger related expenses which have affected margins of the Group.

OCSS

The segment revenue for current financial year has increased by RM2.26 billion or 156.4% as compared to the preceding year, mainly due to higher scope of works for Pan Malaysia contracts which was consistent with client planned activities and contribution from other projects executed during the current financial year. In addition, the revenue improvement for the segment was also due to contribution from SapuraClough's business that was acquired in December 2011 and Kencana's diving and underwater related services subsequent to merger of SapuraCrest and Kencana.

Profit before taxation recorded an increase of RM239.5 million or 82.9% as compared to preceding year which is in line with the increase in the segment revenue and favorable results recorded in jointly-controlled entities from international projects.

EJV

Revenue for current financial year has increased by RM84.9 million or 11.9% as compared to preceding year, mainly due to revenue on opex and capex reimbursement on Berantai field following commencement of gas production on 20 October 2012.

However, profit before taxation for current year has decreased by RM92.4 million or 26.8% as compared to preceding year due to expenses incurred to build capabilities in energy business unit.

DGMS

The segment revenue for current financial year has increased by RM222.6 million or 113.3% as compared to the preceding year. DGMS recorded an improvement, from registering a loss of RM25.7 million in the preceding year to profit before taxation of RM23.2 million in the current year, mainly due to the inclusion of Kencana's businesses results subsequent to merger of SapuraCrest and Kencana and more activities in geotechnical and maintenance services.

FAB & HUC

The segment revenue and profit before taxation for current year has increased by RM1.8 billion or 878.0% and RM332.0 million or 1012.2% respectively as compared to preceding year, mainly due to the inclusion of Kencana's businesses results subsequent to merger of SapuraCrest and Kencana.

20. Review of performance (cont'd.)

20.2 Current financial year vs. twelve months of the preceding year

Corporate

The revenue for current year has increased by RM201.2 million or 71.7% as compared to preceding year.

Profit before taxation for current year has decreased by RM23.6 million or 19.2% as compared to preceding year due to one-off merger related and other corporate exercise expenses.

21. (a) Commentary on prospects

The Group believes the growth in the oil and gas industry will remain robust in this region and accordingly the capital spending in the upstream sector will remain strong. The Group with its capability is well positioned to benefit from the spending.

Having achieved the first gas, the Group expects to benefit from full year contribution from the Berantai field. In addition, the impending completion of the Seadrill tender rig business combination will provide it a strategic platform to become a significant player in the tender rigs business.

Given these circumstances, the Board of Directors is reasonably confident that the prospects of the Group remain positive.

(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.

22. Dividend

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

23. Earnings per share

Basic	Individual Quarter 3 months to 31/01/2013	Individual Quarter 3 months to 31/01/2012	Cumulative Quarter 12 months to 31/01/2013	Cumulative Quarter 12 months to 31/01/2012
Profit attributable to owners of the Parent (RM'000)	123,893	48,015	524,596	281,727
Number of ordinary shares in issue ('000)	5,004,366	- *	5,004,366	- *
Basic earnings per share (sen)	2.48	N/A	10.48	N/A

* Represent 2 ordinary shares in issue

By Order of the Board

Kuala Lumpur
21 March 2013

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Company Secretaries