

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 JULY 2015

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/07/2015 RM'000	Preceding year corresponding quarter 31/07/2014 RM'000	Six months to 31/07/2015 RM'000	Six months to 31/07/2014 RM'000
1. Revenue	2,803,528	2,694,782	5,061,698	5,138,350
Operating expenses	(1,857,928)	(1,893,030)	(3,322,751)	(3,480,120)
Other operating income	4,903	182	6,941	10,462
Profit from operations	950,503	801,934	1,745,888	1,668,692
Finance income	6,126	3,740	8,842	6,058
Finance costs	(172,970)	(158,790)	(352,622)	(341,531)
Net fair value loss on derivatives	-	-	-	(139)
Depreciation and amortisation	(320,953)	(249,336)	(658,510)	(565,460)
Net foreign exchange gain	96,752	22,897	109,006	20,209
Provision for impairment on oil and gas properties	(539,851)	-	(539,851)	-
Changes in provision	-	63,526	-	63,526
Gain on disposal of property, plant and equipment	-	7,263	-	7,263
Gain arising from acquisition of subsidiaries	-	-	-	177,842
Share of profit from associates and joint venture companies	41,528	35,453	84,724	129,241
Profit before taxation	61,135	526,687	397,477	1,165,701
Taxation	43,136	(80,560)	(31,982)	(209,462)
Profit after taxation	104,271	446,127	365,495	956,239
Attributable to:				
Owners of the Parent	104,085	445,798	364,780	955,218
Non-controlling interests	186	329	715	1,021
	104,271	446,127	365,495	956,239
2. Earnings per share (sen)				
Basic	1.74	7.44	6.11	15.94

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 SECOND QUARTER ENDED 31 JULY 2015

THE FIGURES HAVE NOT BEEN AUDITED

II. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/07/2015 RM'000	Preceding year corresponding quarter 31/07/2014 RM'000	Six months to 31/07/2015 RM'000	Six months to 31/07/2014 RM'000
Profit after taxation	104,271	446,127	365,495	956,239
Other comprehensive income:				
<i>Items that may be reclassified to income statements in subsequent periods:</i>				
Foreign currency translation differences	511,677	(257,577)	407,344	(322,040)
Share of other comprehensive income of associated and joint venture companies:				
- Foreign currency translation differences	(28,947)	(13,344)	(21,613)	(23,183)
- Hedging reserve	5,172	12,257	(35,016)	11,327
Total comprehensive income	<u>592,173</u>	<u>187,463</u>	<u>716,210</u>	<u>622,343</u>
Attributable to:				
Owners of the parent	591,884	187,258	715,582	621,322
Non-controlling interests	289	205	628	1,021
Total comprehensive income	<u>592,173</u>	<u>187,463</u>	<u>716,210</u>	<u>622,343</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 SECOND QUARTER ENDED 31 JULY 2015

THE FIGURES HAVE NOT BEEN AUDITED

III. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	As at end of current financial period	As at end of preceding financial year
	31/07/2015	31/01/2015
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	14,237,089	13,770,854
Investment in associates and joint venture companies	1,342,368	1,376,723
Expenditures on oil and gas properties	5,099,952	5,555,063
Goodwill on consolidation	7,821,892	7,631,514
Other intangible assets	94,865	108,476
Deferred tax assets	304,569	352,977
Trade receivables	28,628	50,162
	<u>28,929,363</u>	<u>28,845,769</u>
Current assets		
Inventories	658,949	636,629
Trade and other receivables	4,756,370	3,620,805
Tax recoverable	179,219	203,030
Cash and bank balances	1,790,338	1,256,551
	<u>7,384,876</u>	<u>5,717,015</u>
TOTAL ASSETS	<u>36,314,239</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	1,079,631	728,829
Retained profits	3,554,944	3,270,783
	<u>12,620,985</u>	<u>11,986,022</u>
Non-controlling interests	<u>7,578</u>	<u>6,950</u>
Total equity	<u>12,628,563</u>	<u>11,992,972</u>
Non-current liabilities		
Borrowings	9,529,020	15,854,690
Other payables	732,440	683,786
Provision for assets retirement obligation	168,099	151,350
Deferred tax liabilities	1,288,051	1,425,025
	<u>11,717,610</u>	<u>18,114,851</u>
Current liabilities		
Borrowings	8,444,805	1,098,576
Trade and other payables	3,349,488	3,191,979
Provision for assets retirement obligation	52,244	72,217
Provision for taxation	121,529	92,189
	<u>11,968,066</u>	<u>4,454,961</u>
TOTAL LIABILITIES	<u>23,685,676</u>	<u>22,569,812</u>
TOTAL EQUITY AND LIABILITIES	<u>36,314,239</u>	<u>34,562,784</u>
Net assets per share (RM)	<u>2.11</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 SECOND QUARTER ENDED 31 JULY 2015

THE FIGURES HAVE NOT BEEN AUDITED

IV. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED Six months to 31/07/2015 RM'000	UNAUDITED Six months to 31/07/2014 RM'000
Profit before taxation	397,477	1,165,701
Adjustments	1,405,785	585,594
Operating profit before working capital changes	1,803,262	1,751,295
Changes in working capital	(983,132)	(870,535)
Cash generated from operations	820,130	880,760
Taxation paid	(110,066)	(238,654)
Net cash generated from operating activities	710,064	642,106
Cash flows from investing activities		
Purchase of property, plant and equipment	(245,690)	(575,570)
Additional investment in joint venture companies	(9,335)	-
Net cash outflow on acquisition of subsidiaries	-	(2,675,273)
Expenditure on oil and gas properties	(51,883)	(251,859)
Net advances to joint venture companies	(58,064)	(35,713)
Dividends from a joint venture company	125,022	40,888
Proceed from disposal of property, plant and equipment	-	15,796
Other items	4,847	(1,519)
Net cash used in investing activities	(235,103)	(3,483,250)
Cash flows from financing activities		
Interest paid	(244,248)	(211,455)
Dividend paid on ordinary shares	(119,436)	(140,816)
Net drawdown of revolving credit and term loans	369,929	3,432,812
Net drawdown/(repayment) of hire purchase and lease financing	1,844	(2,357)
Net cash generated from financing activities	8,089	3,078,184
Net increase in cash and cash equivalents	483,050	237,040
Cash and cash equivalents at beginning of year	1,256,551	1,386,661
Effect of exchange rate translation	50,737	(15,980)
Cash and cash equivalents at end of period	1,790,338	1,607,721

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 SECOND QUARTER ENDED 31 JULY 2015

THE FIGURES HAVE NOT BEEN AUDITED

V. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent					Non- controlling interests	Total equity	
	Share capital RM'000	Share premium RM'000	Treasury shares * RM'000	Other reserves RM'000	Retained profits RM'000			Total RM'000
Six months to 31 July 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	-	-	-	350,802	364,780	715,582	628	716,210
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 July 2015	<u>5,992,155</u>	<u>2,074,255</u>	<u>(80,000)</u>	<u>1,079,631</u>	<u>3,554,944</u>	<u>12,620,985</u>	<u>7,578</u>	<u>12,628,563</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	Other reserves RM'000	Retained profits RM'000			
Six months to 31 July 2014 (Unaudited)							
At 1 February 2014	5,992,155	2,074,255	12,405	2,115,986	10,194,801	6,301	10,201,102
Total comprehensive income	-	-	(333,896)	955,218	621,322	1,021	622,343
Transaction with owners:							
Effect arising from step acquisition of a subsidiary	-	-	-	(17,666)	(17,666)	-	(17,666)
Dividends on ordinary shares	-	-	-	(140,816)	(140,816)	-	(140,816)
Total transaction with owners	-	-	-	(158,482)	(158,482)	-	(158,482)
At 31 July 2014	<u>5,992,155</u>	<u>2,074,255</u>	<u>(321,491)</u>	<u>2,912,722</u>	<u>10,657,641</u>	<u>7,322</u>	<u>10,664,963</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 July 2015 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB"). These condensed consolidated interim financial statements also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board.

The unaudited condensed consolidated interim financial statements for the financial period ended 31 July 2015 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
Annual Improvements to MFRS 2012-2014 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 period, other than as disclosed in these condensed consolidated income statement.

4. Changes in estimates

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

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 July 2015, except as disclosed in Note 12 (c).

6. Subsequent events

There was no material event subsequent to 31 July 2015 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 RM1,099 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 July 2015 are as follows:

Approved and contracted:

	31/07/2015
	RM'000
Property, plant and equipment and expenditures on oil and gas properties	
Group	1,738,496
Share of capital commitment in joint venture companies	829,488
Equity commitment in joint venture companies	<u>90,778</u>
Total	<u><u>2,658,762</u></u>

10. Taxation

Taxation comprises the following:

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/07/2015 RM'000	Preceding year corresponding quarter 31/07/2014 RM'000	Six months to 31/07/2015 RM'000	Six months to 31/07/2014 RM'000
Current taxation:				
Malaysian taxation	73,403	83,551	143,429	211,501
Foreign taxation	44,842	27,455	55,589	43,979
Deferred taxation	<u>(161,381)</u>	<u>(30,446)</u>	<u>(167,036)</u>	<u>(46,018)</u>
	<u>(43,136)</u>	<u>80,560</u>	<u>31,982</u>	<u>209,462</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 July 2015 and 31 January 2014 are as follows:

	31/07/2015	31/01/2015
	RM'000	RM'000
Short term borrowings		
Secured	21,890	14,177
Unsecured	8,422,915	1,084,399
	<u>8,444,805</u>	<u>1,098,576</u>
Long term borrowings		
Secured	15,687	29,589
Unsecured	9,513,333	15,825,101
	<u>9,529,020</u>	<u>15,854,690</u>
	<u>17,973,825</u>	<u>16,953,266</u>

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

	31/07/2015	31/01/2015
	RM'000	RM'000
United States Dollar	<u>14,828,023</u>	<u>13,852,394</u>

(c) On 15 June 2015, SapuraKencana announced to Bursa Malaysia that the Group, through its wholly-owned subsidiary, SapuraKencana TMC Sdn Bhd ("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). An acknowledgement of the lodging and launching of the Sukuk programme has been received from the Securities Commission of Malaysia.

On 8 September 2015, the transaction documents for the Multi-Currency Sukuk Programme has been duly executed and the first Sukuk offering of USD200 million (RM860 million) in nominal value under the Multi-Currency Sukuk Programme.

The Sukuk 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.

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:

	31/07/2015
	RM'000
Total retained profits of the Group	
- Realised	4,177,923
- Unrealised:	
- in respect of deferred tax	(993,098)
- in respect of other items of income and expense	(45,348)
	<u>3,139,477</u>
Joint ventures and associated companies	
- Realised	388,419
- Unrealised:	
- in respect of other items of income and expense	3,010
	<u>391,429</u>
Total Group retained profits	3,530,906
Less: Consolidation adjustments	24,038
Total Group retained profits as per consolidated accounts	<u><u>3,554,944</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.

The final submissions are expected to take place on 2nd and 3rd November 2015.

14. Material litigation (cont'd.)

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

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

15. Segment information

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>6 months to 31/07/2015</u>	
	Revenue	Operating profit/(loss)
	RM'000	RM'000
E&C	2,739,950	517,895
Drilling	1,554,004	421,035
Energy	865,580	(416,632)
	<u>5,159,534</u>	<u>522,298</u>
Corporate expenses and eliminations	(97,836)	(124,821)
Group revenue / profit before taxation	<u>5,061,698</u>	<u>397,477</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	
	31/07/2015	31/07/2014	31/07/2015	31/07/2014
	RM'000	RM'000	RM'000	RM'000
Business Segments:				
E&C	1,638,845	1,578,139	330,505	282,776
Drilling	783,822	629,874	222,450	161,183
Energy	449,948	551,940	(475,988)	142,496
	<u>2,872,615</u>	<u>2,759,953</u>	<u>76,967</u>	<u>586,455</u>
Corporate expenses and eliminations	<u>(69,087)</u>	<u>(65,171)</u>	<u>(15,832)</u>	<u>(59,768)</u>
Group revenue/ profit before taxation	<u>2,803,528</u>	<u>2,694,782</u>	<u>61,135</u>	<u>526,687</u>

Group

The Group revenue of RM2,803.5 million was RM108.7 million or 4.0% higher than RM2,694.8 million in the corresponding quarter of the preceding year ("Q2 FY2015").

The increase in the current quarter revenue was mainly due to higher contribution from newly executed international projects from the E&C division, and additional contribution from new rigs which were not in operation in the corresponding quarter of the preceding year.

The Group recorded profit before taxation of RM61.1 million, which was RM465.6 million or 88.4% lower compared to RM526.7 million in Q2 FY2015. The lower profit before taxation was primarily attributable to provision for impairment on oil and gas properties in the current quarter totalling RM539.9 million.

Excluding provision for impairment on oil and gas properties of RM539.9 million in the current quarter, the Group recorded profit before taxation of RM601.0 million, being an increase of RM74.3 million or 14.1% against RM526.7 million in Q2 FY2015.

The increase in the current quarter profit before taxation is mainly attributable to the higher profit before taxation derived from the services divisions namely E&C and Drilling, offset with lower contribution from Energy division due to lower average realised oil price per barrel achieved, in line with the downward trend of crude oil prices.

Business Segments:

Engineering and Construction

The segment registered higher revenue by RM60.7 million or 3.8% mainly due to higher contribution from newly executed international projects during the period.

Similarly, the profit before taxation was RM47.7 million or 16.9% higher than RM282.7 million in Q2 FY2015, in line with higher revenue.

16. Review of performance (cont'd.)

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

Business Segments (cont'd.):

Drilling

The segment revenue for current quarter was higher by RM153.9 million or 24.4% compared to Q2 FY2015 mainly due to commencement of contract for new rigs which were not in operation in the corresponding quarter of the preceding year. As a result, the profit before taxation was RM61.3 million or 38.0% higher than RM161.2 million in Q2 FY2015.

Energy

The segment revenue for the current quarter decreased by RM102.0 million or 18.5% compared to Q2 FY2015. The decrease in revenue for the current quarter was primarily driven by lower average realised price per barrel achieved in line with the downward trend for crude oil prices.

Profit before taxation for the quarter decreased by RM618.5 million or 434.0% to a loss before taxation of RM476.0 million from profit before taxation of RM142.5 million recorded in Q2 FY2015. The reduction in profit before taxation was primarily attributable to provision for impairment on oil and gas properties in the current quarter totalling RM539.9 million, in addition to lower revenue recognised during the quarter.

16.2 Current period vs. corresponding period of the preceding year

	Revenue		Operating profit/(loss)	
	6 months to		6 months to	
	31/07/2015	31/07/2014	31/07/2015	31/07/2014
	RM'000	RM'000	RM'000	RM'000
Business Segments:				
E&C	2,739,950	2,728,145	517,895	510,256
Drilling	1,554,004	1,274,858	421,035	317,735
Energy	865,580	1,288,275	(416,632)	518,332
	<u>5,159,534</u>	<u>5,291,278</u>	<u>522,298</u>	<u>1,346,323</u>
Corporate expenses and eliminations	(97,836)	(152,928)	(124,821)	(180,622)
Group revenue/ profit before taxation	<u>5,061,698</u>	<u>5,138,350</u>	<u>397,477</u>	<u>1,165,701</u>

16. Review of performance (cont'd.)

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

Group

The Group revenue of RM5,061.7 million was RM76.7 million or 1.5% lower than RM5,138.4 million in the corresponding period of the preceding year (“corresponding period”).

The decrease in the current period revenue was mainly driven by lower revenue from the Energy division attributable to lower average realised price achieved, offset by higher revenue from Drilling division following commencement of new contracts.

The Group profit before taxation of RM397.5 million was RM768.2 million or 65.9% lower than RM1,165.7 million in corresponding period. This was primarily attributable to provision for impairment on oil and gas properties in the current quarter totalling RM539.9 million.

Excluding provision for impairment on oil and gas properties of RM539.9 million in the current period and gain arising from acquisition of subsidiaries of RM177.8 million in the corresponding period, the Group recorded profit before taxation of RM937.3 million, which was RM50.5 million or 5.1% lower than RM987.9 million recognised in corresponding period.

Business Segments:

Engineering and Construction

The segment registered higher revenue by RM11.8 million or 0.4% mainly due to higher contribution from newly executed international projects during the period.

As a result, the profit before taxation was higher by RM7.6 million or 1.5% than RM510.3 million in tandem with the increase in the revenue.

Drilling

The segment revenue for current period was higher by RM279.1 million or 21.9% compared to corresponding period mainly due to commencement of contract for new rigs which were not in operation in the corresponding period. As a result, the profit before taxation was RM103.3 million or 32.5% higher than corresponding period.

Energy

The segment revenue for the current period decreased by RM422.7 million or 32.8% compared to corresponding period, primarily due to a combination of lower barrels of oil lifted as a result of the natural decline of oil reserves in the Production Sharing Contract ("PSC") blocks and lower average price per barrels lifted.

The segment reported a loss before taxation of RM416.6 million during the period primarily attributable to provision for impairment on oil and gas properties in the current period totalling RM539.9 million.

16. Review of performance (cont'd.)

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

Business Segments (cont'd.):

Energy (cont'd.)

Excluding provision for impairment on oil and gas properties of RM539.9 million in the current period and profit arising from acquisition of subsidiaries of RM177.8 million in corresponding period, the segment recorded profit before taxation of RM123.2 million, which was RM217.3 million or 63.8% lower than RM340.5 million in corresponding period.

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

Group revenue of RM2,803.5 million was RM545.4 million or 24.2% higher than RM2,258.2 million in the immediate preceding quarter ("Q1 FY2016"), primarily attributable to higher contributions from E&C division from newly executed international projects during the period.

Group profit before taxation of RM61.1 million was RM275.2 million or 81.8% lower compared to Q1 FY2016 of RM336.3 million. The lower profit before taxation was mainly due to provision for impairment on oil and gas properties in the current quarter totalling RM539.9 million.

Excluding provision for impairment on oil and gas properties of RM539.9 million, the Group profit before taxation of RM601.0 million was RM264.6 million or 78.7% higher compared to RM336.3 million profit before taxation in Q1 FY2016. The increase was mainly due to higher contributions from services segment and lower corporate expenses and corporate eliminations in the current quarter, partially offset by lower profit before taxation from the Energy division.

18. (a) Commentary on prospects

The global oil and gas industry continues to face low crude oil prices. The resultant reduction in and postponement of offshore development projects is expected. The Board anticipates the challenging environment to persist over the medium term.

The robust orderbook we have built provides the Group certainty in revenue outlook through FY2017. Our immediate strategy is to continue our focus on adding to the orderbook and enhancing operational efficiencies to remain resilient during this period.

The Board is of the view that long-term outlook is positive and the Group has strong fundamentals to navigate this current uncertain period.

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

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

19. Dividend

The single tier interim dividend for financial year ending 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 do not recommend any payment of dividend for the current quarter under review.

20. Earnings per share

	Individual Quarter		Cumulative Quarter	
	3 months to 31/07/2015	31/07/2014	6 months to 31/07/2015	31/07/2014
Basic				
Profit attributable to owners of the Parent (RM'000)	104,085	445,798	364,780	955,218
Weighted average number of ordinary shares in issue ('000)	5,971,797	5,992,155	5,971,797	5,992,155
Basic earnings per share (sen)	1.74	7.44	6.11	15.94

By Order of the Board

Kuala Lumpur
15 September 2015

Mohamad Affendi bin Yusoff
MACS 01596

Company Secretary