



**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Fourth Quarter ended 31 December 2016 (Unaudited)**

	Current Quarter Ended 31-Dec-16 RM'000	Corresponding Quarter Ended 31-Dec-15 RM'000	Cumulative Year To Date 31-Dec-16 RM'000	Corresponding Year To Date 31-Dec-15 RM'000
Revenue	185,607	221,673	694,647	778,577
Direct operating expenses	(127,168)	(106,790)	(436,399)	(441,889)
Gross profit	58,439	114,883	258,248	336,688
Other income	35,636	9,678	79,432	7,027
Administration expenses	(20,516)	(42,566)	(143,463)	(139,548)
Other operating expenses	(3,639)	(48,399)	(3,639)	(48,399)
Results from operating activities	69,920	33,596	190,578	155,768
Finance costs	(29,824)	(43,689)	(118,865)	(60,934)
Finance income	2,363	2,510	8,316	5,900
Net finance costs	(27,461)	(41,179)	(110,549)	(55,034)
Other non-operating income	-	26,876	-	108,975
Share of profit/(loss) of an associate	-	117	-	(6,270)
Profit before tax	42,459	19,410	80,029	203,439
Income tax expense	4,687	(1,478)	(25,693)	(32,762)
Profit for the year	47,146	17,932	54,336	170,677
Other comprehensive income, net of tax				
Foreign currency translation	51,017	88,904	26,801	88,904
Cash flow hedge	355	102	267	102
Share of other comprehensive income of an associate	-	1,119	-	16,290
Reclassification of fair value reserve to profit or loss	-	(24,037)	-	(24,037)
Other comprehensive income for the year, net of tax	51,372	66,088	27,068	81,259
Total comprehensive income for the year	98,518	84,020	81,404	251,936
Profit/(Loss) for the year				
Attributable to:				
Owners of the Company	47,093	16,480	54,930	172,170
Non-controlling interest	53	1,452	(594)	(1,493)
	47,146	17,932	54,336	170,677
Total comprehensive income for the year				
Attributable to:				
Owners of the Company	97,446	95,972	81,461	251,662
Non-controlling interest	1,072	3,219	(57)	274
	98,518	84,020	81,404	251,936
Weighted average number of ordinary shares in issue ('000)	877,100	877,100	877,100	877,100
Basic (loss)/earnings per ordinary share of RM0.50 each (sen)	5.37	1.88	6.26	19.63

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2015 and the accompanying notes attached to this interim financial report).

**Condensed Consolidated Statement of Financial Position**
As at 31 December 2016 (Unaudited)

	UNAUDITED AS AT	AUDITED AS AT
	31-Dec-16	31-Dec-15
	RM'000	RM'000
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	1,801,609	1,853,733
Prepaid lease payments	10,123	10,491
Intangible assets	25,762	42,946
Deposit	47,464	75,357
Goodwill	653,627	755,250
Deferred tax asset	13,714	13,315
TOTAL NON CURRENT ASSETS	2,552,299	2,751,092
CURRENT ASSETS		
Inventories	5,028	6,886
Trade and other receivables	275,370	278,420
Other investments	1,685	1,447
Deposits and prepayments	49,399	19,023
Current tax assets	6,205	5,703
Cash and cash equivalents	292,416	238,261
TOTAL CURRENT ASSETS	630,103	549,740
TOTAL ASSETS	3,182,402	3,300,832
EQUITY AND LIABILITIES		
EQUITY		
Share capital	438,550	438,550
Share premium	146,687	146,687
Reserves	685,080	603,619
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	1,270,317	1,188,856
NON-CONTROLLING INTEREST	7,721	7,778
TOTAL EQUITY	1,278,038	1,196,634
NON CURRENT LIABILITIES		
Loans and borrowings	1,342,472	1,317,581
Derivative liability	-	77
Deferred tax liabilities	19,557	22,410
TOTAL NON CURRENT LIABILITIES	1,362,029	1,340,068
CURRENT LIABILITIES		
Loans and borrowings	296,930	487,611
Trade and other payables	240,328	151,623
Current tax liabilities	5,077	124,896
TOTAL CURRENT LIABILITIES	542,335	764,130
TOTAL LIABILITIES	1,904,364	2,104,198
TOTAL EQUITY AND LIABILITIES	3,182,402	3,300,832
Net Assets per share (sen)	145	136

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2015 and the accompanying notes attached to this interim financial report).



**Condensed Consolidated Statement of Changes in Equity
For the Fourth Quarter ended 31 December 2016 (Unaudited)**

	Attributable to the Owners of the Company						
	Non-Distributable			Distributable	Total	Non-controlling interest	Total Equity
	Share Capital	Share Premium	Other reserve	Retained Earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2015, restated	438,550	146,687	7,747	374,909	967,893	-	967,893
					-		
Share of other comprehensive income of an equity-accounted associate	-	-	16,290	-	16,290	-	16,290
Total other comprehensive income for the year	-	-	16,290	-	16,290	-	16,290
Profit for the year	-	-	-	172,170	172,170	(1,493)	170,677
Foreign currency translation differences for foreign operations	-	-	87,138	-	87,138	1,765	88,903
Cash flow hedge	-	-	100	-	100	2	102
Remeasurement of financial assets reclassified to income statement	-	-	(24,037)	-	(24,037)	-	(24,037)
Total comprehensive income for the year	-	-	79,491	172,170	251,661	274	251,935
Dividends to owners of the company	-	-	-	(30,698)	(30,698)	-	(30,698)
Changes in ownership interests in a subsidiary	-	-	-	-	-	7,504	7,504
At 31 December 2015	438,550	146,687	87,238	516,381	1,188,856	7,778	1,196,634



Condensed Consolidated Statement of Changes in Equity (continued)
For the Fourth Quarter ended 31 December 2016 (Unaudited)

	Attributable to the Owners of the Company						Total Equity RM'000
	Non-Distributable			Distributable	Total RM'000	Non- controlling interest RM'000	
	Share Capital RM'000	Share Premium RM'000	Other reserve RM'000	Retained Earnings RM'000			
At 31 December 2015/1 January 2016	438,550	146,687	87,238	516,381	1,188,856	7,778	1,196,634
Profit for the year	-	-	-	54,930	54,930	(594)	54,336
Foreign currency translation differences for foreign operations	-	-	26,269	-	26,269	532	26,801
Cash flow hedge	-	-	262	-	262	5	267
Total comprehensive income for the year	-	-	26,531	54,930	81,461	(57)	81,404
At 31 December 2016	438,550	146,687	113,769	571,311	1,270,317	7,721	1,278,038

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2015 and the accompanying notes attached to this interim financial report).

**Condensed Consolidated Statement of Cash Flows
For the Fourth Quarter ended 31 December 2016 (Unaudited)**

	Current period-to-date 31-Dec-16 RM'000	Corresponding period-to-date 31-Dec-15 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	80,029	203,439
Adjustments for:-		
- Non-cash items	67,645	40,307
- Non-operating items	110,549	55,034
Operating profit before changes in working capital	258,223	298,780
<u>Changes in working capital</u>		
Inventories	1,862	1,520
Trade and other receivables, deposits and prepayments	26,156	107,641
Trade and other payables	95,711	(82,946)
Total changes in working capital	123,729	26,215
Cash generated from operations	381,952	324,995
Interest received	8,211	5,900
Interest paid	(2,365)	(2,750)
Tax paid	(46,491)	(36,980)
Total interest and tax paid	(40,645)	(33,830)
Net cash generated from operating activities	341,307	291,165
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of additional investment in a subsidiary	-	(1,055,699)
Refundable deposits refunded	26,999	-
Withdrawal/(Placement) of fixed deposits	(63,001)	(2,229)
Acquisition of property, plant and equipment	(15,564)	(42,631)
Proceeds from disposal of property, plant and equipment	-	187
Proceeds from disposal of other investments	-	76,357
Proceeds from disposal of associate	-	250,888
Net cash used in investing activities	(51,566)	(773,127)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of Sukuk Bonds	635,000	-
Proceeds from borrowings	-	674,391
Repayment of borrowings	(643,567)	(88,893)
Payments of finance lease liabilities	(163,701)	-
Term loan interest paid	(116,500)	(58,432)
Dividend paid	-	(30,698)
Net cash (used in)/generated from financing activities	(288,768)	496,368
Net increase in cash and cash equivalents	973	14,406
Effect of foreign exchange translation	(9,819)	9,013
Cash and cash equivalents at the beginning of the year	218,315	194,896
Cash and cash equivalents at the end of the year	209,469	218,315
Breakdown of cash and cash equivalents at the end of the year:-		
Short term deposits	193,224	70,127
Cash and bank balances	99,192	168,134
	292,416	238,261
Less: Deposits pledged as security	(82,947)	(19,946)
Cash and cash equivalents	209,469	218,315

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2015 and the accompanying notes attached to this interim financial report).



A. NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 (MFRS 134): INTERIM FINANCIAL REPORTING

A1. Basis of reporting preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard 134 (MFRS134), *Interim Financial Reporting* and with IAS 34, *Interim Financial Reporting* and Appendix 9B part A of the Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this interim financial report.

A2. Changes in Accounting policies

A2.1 Adoption of Standards, Amendments and Interpretations

The significant accounting policies adopted in the preparation of these interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2015, except for the adoption of the following Standards, Amendments and Interpretations from 1 January 2016:

MFRS/Amendment/Interpretation	Effective date
• Amendments to MFRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to MFRSs 2012-2014 Cycle)</i>	1 January 2016
• Amendments to MFRS 7, <i>Financial Instruments: Disclosures – (Annual Improvements to MFRSs 2012-2014 Cycle)</i>	1 January 2016
• Amendments to MFRS 10, <i>Consolidated Financial Statements</i> , MFRS 12, <i>Disclosure of interests in Other Entities</i> and MFRS 128, <i>Investments in Associates and Joint Ventures-Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
• Amendments to MFRS 11: <i>Joint Arrangements-Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
• MFRS 14, <i>Regulatory Deferral Accounts</i>	1 January 2016
• Amendments to MFRS 101, <i>Presentation of Financial Statements-Disclosure Initiative</i>	1 January 2016
• Amendments to MFRS 116, <i>Property, Plant and Equipment</i> and MFRS 138, <i>Intangible Assets- Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
• Amendments to MFRS 116, <i>Property, Plant and Equipment</i> and MFRS 141, <i>Agriculture – Agriculture: Bearer Plants</i>	1 January 2016
• Amendments to MFRS 119, <i>Employee Benefits (Annual Improvements to MFRSs 2012-2014 Cycle)</i>	1 January 2016
• Amendments to MFRS 127, <i>Equity Method in Separate Financial Statements</i>	1 January 2016
• Amendments to MFRS 134, <i>Interim Financial Reporting (Annual Improvements to MFRSs 2012-2014 Cycle)</i>	1 January 2016

The adoption of the above Standards, Amendments and Interpretations does not have a material impact on the financial statements of the Group and the Company.



A2.2 Standards, Amendments and Interpretations issued but not yet effective

• Amendments to MFRS 107, <i>Disclosure Initiative</i>	1 January 2017
• Amendments to MFRS 112, <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
• MFRS 9, <i>Financial Instruments (2014)</i>	1 January 2018
• MFRS 15, <i>Revenue from Contracts with Customers</i>	1 January 2018
• Amendments to MFRS 2, <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
• Clarifications to MFRS 15, <i>Revenue from Contracts with Customers</i>	1 January 2018
• Amendments to MFRS 16, <i>Leases</i>	1 January 2019
• Amendments to MFRS 10, <i>Consolidated Financial Statements and MFRS 128, Investment in Associates and Joint Ventures – Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture</i>	To be confirmed

The Group plans to apply:

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for Amendments to MFRS 5, Amendments to MFRS 11, Amendments to MFRS 141 and MFRS 14 which are assessed as presently not applicable to the Group.
- from the annual period beginning on 1 January 2017 for Amendments to MFRS 107 and Amendments to MFRS 112 which are both effective for annual period beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for MFRS 15 and MFRS 9 which are both effective for annual period beginning on or after 1 January 2018, except for Amendments to MFRS 2.
- from the annual period beginning on 1 January 2019 for Amendments to MFRS 16 which is effective for annual period beginning on or after 1 January 2019.

The initial application of the above accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements for current and prior period financial statements of the Group.

A3. Auditors' report

There was no qualification on the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

**A4. Profit for the year**

	Current quarter ended 31-Dec-16 RM'000	Current year-to-date 31-Dec-16 RM'000
Profit for the year is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	24,854	124,348
Amortisation of intangible assets	4,296	17,183
Realised (gain)/loss on foreign exchange	(7,550)	19,232
Impairment loss on property, plant and equipment	3,639	3,639
Unrealised gain on foreign exchange	(41,364)	(75,615)

Save for the above, there were no allowance for impairment loss on receivables or inventories, gain or loss on disposal of quoted or unquoted investments or properties and material exceptional items that are included in the profit of the Group for the current quarter and financial period ended 31 December 2016.

A5. Seasonal or cyclical factors

Seasonality due to weather is not foreseen to affect the Group's vessel chartering operations. However, the offshore topside maintenance operations is normally affected by bad weather at the beginning and the end of the year and this factor has been taken into consideration in the Group's annual business plan.

A6. Items of unusual nature and amount

In accordance with MFRS 3, *Business Combination*, an entity shall have a measurement period of not exceeding one year from the acquisition date to adjust the provisional amount (including goodwill) recognised for a business combination. Pursuant to that, the Group has adjusted the goodwill by approximately RM101.6 million subsequent to the completion of settlement of contingent liability of the subsidiary acquired.

There were no items affecting the assets, liabilities, equity, net income or cash flows of the Group that are unusual because of their nature, size or incidence for the current quarter, except for the other comprehensive expense arising from foreign currency translation of investment in Labuan subsidiaries denominated in US Dollars. During the current quarter and financial period-to-date, the other comprehensive income/expense arising from foreign currency translation amounted to a gain of RM19.0 million and a loss of RM24.2 million respectively.

A7. Material changes in estimates

There were no changes in the estimates of amounts reported in the prior interim periods of the current financial quarter or changes in the estimates of amounts relating to the prior financial years that have a material effect in the current quarter.

A8. Issuances, cancellations, repurchase, resale and repayments of debt and equity securities

There were no issuance and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter.

A9. Dividend paid

No dividend was paid during the current quarter and financial year to date.



A11. Valuation of goodwill

The goodwill of the Group has adjusted from RM755 million to RM654 million as at year end. See Note A6.

Under MFRS 136, *Impairment of Assets* the Group is required to annually carry out impairment test on the cash generated units (“CGUs”), of which goodwill is allocated. For the purpose of impairment testing, goodwill is allocated to the Group’s operating activities (i.e. marine charter) which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

MFRS 136 states that the annual impairment test for the following items may be performed at any time within an annual reporting period, provided that the test is performed at the same time every year. The group reassessed its CGUs as at 30 September 2016 to determine whether there is any indication that its CGUs may be impaired.

The group has adopted value-in-use (“VIU”) estimations which entail discounting the estimated future cash flows from the continuing use of the CGUs. The recoverable amounts were compared against the carrying amounts of the CGUs. As at the current financial year ended 31 December 2016, there was no impairment provided.

A12. Valuation of property, plant and equipment

The property, plant and equipment of the Group have been brought forward without amendment from their previous annual financial statements.

The group reassessed its assets (except for inventories, deferred tax assets and financial assets) as at 31 December 2016 to determine whether there is any indication that its assets may be further impaired or recovered.

The group has adopted value-in-use (“VIU”) estimations which entail discounting the estimated future cash flows from the continuing use of PPE. The recoverable amounts were compared against the carrying amounts of the PPE.

As at the current financial year ended 31 December 2016, the group has made an impairment losses on PPE of RM3.6 million.

A13. Capital commitments

As at 31 December 2016, the Group has no outstanding or additional capital commitments which are approved and/or contracted for.

During the current quarter under review, the Group had cancelled the agreement for the contracted purchase of a 500-men accommodation work barge Hull No. SK317 (“Vessel”) since the Notices of Readiness have not been validly given by the seller before the cancelling date and the Vessel was not in every respect physically ready for delivery in accordance with the terms and conditions of the agreement. Consequently, both parties had proceeded for arbitration as disclosed in Note B10.2

A14. Material events subsequent to the end of year reported

There were no material events subsequent to the end of the current quarter and current period up to 15 February 2017 (not earlier than 7 days from the date of announcement of this interim financial report) that have not been reflected in the financial statements for the current quarter.

A15. Changes in composition of the group

There were no changes in the composition of the Group.



A16. Contingent Liabilities and Contingent Assets

The following are the contingent liabilities outstanding as at 30 September 2016:

	As at 31-Dec-16 RM'000
<u>Unsecured:-</u>	
Bank guarantee granted to third parties for the benefit of a subsidiary	4,800
	<u>4,800</u>

Further to the conclusion of the tax audit for Year of Assessment (“YA”) 2007 to YA2010 as disclosed in Note A13, PPB is currently responding to the request by IRB to revise its tax computations for YA2011 to YA2015. PPB has engaged its tax agent to assist in the revision of the affected tax computations and assess the tax impacts thereof. PPB may need to provide for additional tax payable, if any, arising from the revision of the tax computation, the outcome of which cannot be ascertained at this present stage.

A17. Significant related party transactions

The Group entered into the following transactions with related parties, in addition to compensations to Directors and other Key Management personnel, during the current quarter:-

Transactions with Directors and a company in which certain Directors have substantial financial interests:-	Nature	Amount for 12 months ended 31 December 2016 RM'000	Unsettled balance as at 31 December 2016 RM'000
Ling Suk Kiong and Joe Ling Siew Loung @ Lin Shou Long	Rental of open yard fabrication facilities with workshop, warehouse and office in Labuan	720	-
Ling Suk Kiong and his spouse Wong Siew Hong	Rental of office in Miri	36	-
Kunci Prima Sdn Bhd (Directors and shareholders are Tengku Yusof Bin Tengku Ahmad Shahrudin, Joe Ling Siew Loung @ Lin Shou Long, Ling Suk Kiong and his spouse Wong Siew Hong)	Rental of office in Miri	744	-
Kunci Prima Sdn Bhd	Rental of office in Petaling Jaya	796	-
Kunci Prima Sdn Bhd	Rental of office in Kuala Baram	322	-
		<u>2,618</u>	<u>-</u>

In the opinion of the Directors, the above transactions have been entered into in the ordinary course of business and have been established under terms no less favourable than those transacted with unrelated parties.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENTS****B1. Review of performance of the Company and its principal subsidiaries**

B1.1 The Group's performance for the quarter under review versus the corresponding quarter of the previous financial year is tabled below:

	Current Quarter ended 31-Dec-16 RM'000	Corresponding Quarter ended 31-Dec-15 RM'000	Variance	
			RM'000	%
Revenue	185,607	221,673	(36,066)	(16)
Profit before amortisation expenses, share of results of an associate and tax	46,755	(7,583)	54,338	(717)
Amortisation expenses of intangible assets	(4,296)	-	(4,296)	
Share of results of an associate	-	117	(117)	(100)
Fair value gain from re-measurement of equity interest held in an associate at acquisition date (fair value gain)	-	26,876	(26,876)	
Profit before tax	42,459	19,410	23,049	119
Profit for the year	47,146	17,932	29,214	163
Other comprehensive income/(loss), net of tax	51,372	66,088	(14,716)	
Total comprehensive income for the period attributable to owners of the Company	98,518	84,020	14,498	17

Comparatively, the Group's revenue for the current quarter ended 31 December 2016 reduced by 16% while profit before tax for the current quarter increased by 119% when compared to the corresponding quarter ended 31 December 2015. The lower revenue in the current quarter as compared to the corresponding quarter is due to lower vessel utilisation rate and work orders received and performed as compared to the corresponding quarter.

Whilst revenue reduced by RM36.0 million ie 16%, profit before tax for the current quarter increased by RM23.0 million ie. 119%. The lower profit before taxation in the fourth quarter of 2015 has taken into account of expenses such as PPE written off of RM68.5 million whereas only RM3.6 million impairment loss on PPE had been provided for in the current quarter.

The intangible assets arose from the existing charter contracts between Perdana Petroleum Bhd and its customers, which expires in 2018. These assets will be amortised until 2018.

In the opinion of the Directors, the results for the current quarter have not been affected by any transactions or events of a material nature which have arisen between 31 December 2015 and the date of this report.



B1.2 The Group's performance for the current financial year under review versus the corresponding previous financial year is tabled below:

	Cummulative	Corresponding	Variance	
	period-to-date 31-Dec-16 RM'000	period-to-date 31-Dec-15 RM'000	RM'000	%
Revenue	694,647	778,577	(83,930)	(11)
Profit before amortisation expenses, share of results of an associate and tax	92,916	76,697	16,219	21
Amortisation expenses of intangible assets	(12,887)	-	(12,887)	
Share of results of an associate	-	(6,270)	6,270	(100)
Non-operating income				
Fair value gain from re-measurement of equity interest held in an associate at acquisition date (fair value gain)	-	108,975	(108,975)	
Reclassification of fair value reserve to profit or loss on remeasurement of available-for-sale investment as an equity-accounted associate	-	24,037	(24,037)	
Profit before tax	80,029	203,439	(123,410)	(61)
Profit for the year	54,336	170,677	(116,341)	(68)
Other comprehensive income/(loss), net of tax	27,068	81,259	(54,191)	(67)
Total comprehensive income for the year attributable to owners of the Company	81,404	251,936	(170,532)	(68)

Revenue decreased by 11% from RM778.6 million in the previous corresponding year to RM694.6 million in the current year. The lower revenue in the current year as compared to the corresponding year is mainly due to lower vessel utilisation rate and lower value of work order received and performed in the current year.

Despite that, the Group registered a higher profit before amortization expenses, share of results of an associate, non-operating income and tax of RM92.9 million in the current year as compared to RM76.7 million in the corresponding year.

The lower profit in the corresponding year of 2015 has taken into account of expenses such as PPE written off of RM68.5 million whereas only RM3.6 million impairment loss on PPE had been provided for in the current year.

**B2. Material changes in the quarterly results compared to the results of the preceding quarter**

	Current Quarter ended 31-Dec-16 RM'000	Preceding Quarter ended 30-Sep-16 RM'000	Variance RM'000	%
Revenue	185,607	203,629	(18,022)	(9)
Profit before amortisation expenses and tax	46,755	51,795	(5,040)	(10)
Amortisation expenses of intangible assets	(4,296)	(4,296)	-	-
Profit before tax	42,459	47,499	(5,040)	(11)

In the current quarter, the Group's revenue was 9% lower as compared to the preceding quarter while profit before amortisation expenses and tax was 11% lower as compared to the preceding quarter.

The lower revenue of RM185.6 million for the current quarter as compared to RM203.6 million for the preceding quarter is mainly due to lower vessel utilisation rate and lower work orders received and performed.

Whilst revenue decreased by RM18.0 million ie. 9%, profit before amortisation expenses and tax decreased by RM5.0 million ie. 10% mainly due to lower vessel utilisation rate and lower profit margin contribution from work orders performed in the current quarter as compared to the preceding quarter. An additional impairment loss on PPE amounting to RM3.6 million was provided in the current quarter under review.

B3. Prospects for 2017

The gradual recovery of crude oil price by more than 100% from a 13-year low of USD27 per barrel since January 2016 to about USD55 per barrel as at the beginning of February 2017 should augur well for the sector. The measures taken by OPEC and non-OPEC members to curb production output have certainly stabilised crude oil prices and this should encourage oil majors to increase spending in 2017. If this happens, it would invariably provide more opportunities for the service providers of maintenance services and OSV chartering business. As such, it is in this area that the Group anticipates a better prospect for the current year.

Our Group currently has a remaining order book of about RM2.8 billion to last until 2018 and is currently awaiting the results of some tenders for jobs amounting to RM4.0 billion. Though we cannot predict the outcome of these tenders, the Group has always demonstrated operational track record and has a clear market leadership in the Brownfield services segment.

The Directors will continue to exercise due care and prudence in the running and administration of the company's business.

B4. Profit forecast and profit guarantee

There was no profit guarantee issued by the Group.



B5. Income tax expense

The group still incurs a high tax charge as losses incurred by certain group entities cannot be offset against the taxable profits made by other group entities.

During the year under review, the tax audit for a subsidiary of the group, Perdana Petroleum Bhd (“PPB”) for YA2007 to YA2010 was concluded and an agreement was reached with the Inland Revenue Board for an additional tax payable of RM10.3 million for the years of assessment covered by the said audit. The Group has had recognised this contingent liability during the acquisition of PPB in the previous financial year amounting to approximately RM111.0 million. The group has reversed out the provision of RM101.6 million (see Note A6) against goodwill on acquisition.

A subsidiary of the group has received a letter from IRB in relation to its tax audit for YA2012 to YA2014. IRB has withdrawn tax exemption claimed between YA2012 to YA2014 resulting in additional tax (including penalties) of RM2.1 million. As a result of the withdrawal of the exemption, deferred tax asset of RM13.2 million has been reversed.

Another subsidiary of the group has deferred tax asset of RM15.0 million during the financial year ended 31 December 2016 in respect of the temporary differences arising mainly from unutilized tax losses and unrealized foreign exchange losses by the entity as sufficient future taxable profits will be available against which the affected entity can utilize the benefits therefrom.

B6. Profit from sale of unquoted investments and/or properties

There were no disposals of unquoted investments and properties for the current quarter.

B7. Quoted securities

Movement in unit trusts:

	Current quarter ended 31-Dec-16 RM'000	Cummulative Year-to-date 31-Dec-16 RM'000
At beginning of the year	1,483	1,448
Change in fair value	12	47
At end of the year	<u>1,495</u>	<u>1,495</u>
Market value	<u>1,495</u>	<u>1,495</u>



B8. Status of corporate proposal

(i) Public Shareholding Spread

Perdana Petroleum Bhd (PPB) had on 3 February 2016 submitted to Bursa Securities an application for a further extension of time to comply with the public spread requirement. Bursa Securities has vide their letter dated 1 April 2016 granted PPB a further extension of time of 6 months i.e. from 13 February 2016 to 12 August 2016 to comply with the public shareholding spread requirement.

On 15 July 2016, the Company had applied for a further extension of time of 3 months i.e. from 13 August 2016 to 12 November 2016 to comply with the public shareholding spread requirement. Bursa Securities had reverted with some queries and the Company is currently attending to these queries.

(ii) Issue of, Offer for Subscription or Purchase of, or Invitation to Subscribe for or Purchase of Sukuk Based on the Shariah Principle of Murabahah of up to RM635,000,000 in Nominal Value

On 11 March 2016, United Overseas Bank (Malaysia) Bhd (“UOB”) as the Principal Adviser/Lead Arranger/Lead Manager for a Proposed Sukuk Issue, on behalf of Perdana Petroleum Bhd (PPB), had made the lodgement in respect of the Proposed Sukuk Issue with the Securities Commission Malaysia.

The first issuance under the Proposed Sukuk Issue will be guaranteed by Danajamin Nasional Berhad pursuant to an Al-Kafalah Facility. The tenure of the Sukuk Murabahah Programme shall be twelve (12) years from the date of the first issue of the Sukuk Murabahah.

The proceeds of the first issuance of the Sukuk Murabahah shall be utilised for the following Shariah-compliant purposes:

- (a) first, an amount of up to RM630 million to be utilised for refinancing of outstanding borrowings undertaken by PPB and/or its subsidiaries for purchase of the certain charged vessels;
- (b) second, an amount of up to RM20 million to defray any fees and expenses for the Proposed Sukuk Issue and the Al-Kafalah Facility and to prefund the finance service reserve account to be opened and maintained under the Al-Kafalah Facility; and
- (c) third, any unutilised balance after meeting purposes in items (a) and (b) above can be utilised for PPB’s working capital requirements subject to a maximum amount of RM40 million.

The proceeds of subsequent issuances of the Sukuk Murabahah shall be utilised for the PPB’s working capital requirements (including refinancing) which includes advances to the Issuer’s subsidiaries via Shariah-compliant mode and general corporate purposes which shall be Shariah-compliant.



(ii) Issue of, Offer for Subscription or Purchase of, or Invitation to Subscribe for or Purchase of Sukuk Based on the Shariah Principle of Murabahah of up to RM635,000,000 in Nominal Value (Cont'd)

On 28 April 2016, the first issuance of the Sukuk Murabahah has been completed for the amount of RM635,000,000, the revised nominal value.

The first issuance under the Sukuk Murabahah is guaranteed by Danajamin Nasional Berhad pursuant to an Al-Kafalah Facility.

The proceeds of the first issuance received from the Sukuk Murabahah issuance will be utilised for the following Shariah-compliant purposes:

- (a) first, an amount of RM615,000,000.00 to be utilised for refinancing of outstanding borrowings identified by the PPB and undertaken by PPB and/or its subsidiaries for purchase of the certain charged vessels; and
- (b) second, an amount of RM20,000,000.00 to defray any fees and expenses for the Sukuk Murabahah Programme and the Al-Kafalah Facility and to prefund the finance service reserve account to be opened and maintained under the Al-Kafalah Facility.

Save for the above, there was no corporate proposal announced or not completed by the Group as at the latest practicable date of 15 February 2017.

B9. Group borrowings and debt securities

Total Group's borrowings as at 31 December 2016 were as follows:

	RM'000
Short term borrowings	
Secured	278,930
Unsecured	18,000
	<hr/>
	296,930
	<hr/>
Long term borrowings	
Secured	1,342,472
	<hr/>
	1,342,472
	<hr/>
Total	1,639,402
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The above includes borrowings in US Dollars equivalent to RM273 million (31 December 2015: RM979 million)



B10. Material litigation

As at 15 February 2017, (not earlier than 7 days from the date of announcement of this interim financial report), our Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant except for the following:

B10.1 Notices of Motion to Federal Court to Appeal Against the Whole Decision of the Court of Appeal

Perdana Petroleum Bhd (PPB) had on 22 June 2011 filed a suit in the High court against Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra, Wong Fook Heng, Tiong Young Kong, Lee Mee Jiong, TA Securities Holdings Bhd, Yap Hock Heng and TA First Credit Sdn Bhd to claim for losses and damages suffered by PPB in respect of, inter alia, the divestment of 10,500,000 ordinary shares of RM0.50 each in Petra Energy Bhd (PEB) by PPB to the parties on 10 September 2009 and the divestment of 48,800,000 ordinary shares of RM0.50 each in PEB by PPB as conducted by TA Securities Holdings Bhd and Yap Hock Heng on 11 December 2009.

This suit is mounted on several causes of action, including breaches of fiduciary and statutory duties, accessory liability and conspiracy and PPB is seeking from the High Court, various declaratory reliefs, damages (general and/or fiduciary and/or aggravated) to be assessed, interest, account and disgorgement and costs.

On 7 September 2012, PPB filed notices of discontinuance pursuant to a negotiated settlement with TASB, Yap Hock Heng and TAFC, with no admission of liability and with no liberty to file afresh. In this connection, TASB had also agreed to discontinue their suit against PPB in relation to a claim of approximately RM2.796 million as placement fees due to them ("TASB Suit") with no admission of liability and with no liberty to file afresh. With the discontinuance of the TASB Suit, PPB has reversed the provisions made earlier.

The trial at the High Court ended on 26 April 2013 and oral submissions by respective counsels were made on 21 November 2013 and 28 November 2013. On 21 March 2014, PPB announced that the High Court gave its decision that PPB was unsuccessful in the Suit. On 17 April 2014, PPB filed a Notice of Appeal to the Court of Appeal on the decision of the Suit.

On 9 September 2014, PPB announced that the High Court has made a decision on costs and ordered PPB to pay the Defendant Parties, a total cost of RM841,731. The High Court has also ordered Tengku Dato' Ibrahim Petra bin Tengku Indra Petra to pay PPB the sum of RM192,780 with post judgement interest calculated at 5% per annum starting from 22 March 2014 ("Judgement Sum"). The earnings of the Group for the quarter ending 31 December 2014 was reduced by the differential sum of the total cost payable and the judgement sum receivable.

On 24 September 2014, PPB announced that the Court of Appeal has fixed the hearing of the Appeal on 2 December 2014. This was subsequently adjourned and fixed to be heard on 11 March 2015.

The Appeal was heard on 11 March 2015 and 25 March 2015.

On 25 August 2015, PPB announced that the Court of Appeal has made the following judgements:-

- (a) PPB's appeal is allowed with costs against Tengku Dato' Ibrahim Petra bin Tengku Indra Petra, Wong Fook Heng and Tiong Young Kong;
- (b) PPB's appeal is dismissed with costs against Lee Mee Jiong; and
- (c) Tengku Dato' Ibrahim Petra bin Tengku Indra Petra's cross appeal is dismissed with costs.



B10.1 Notices of Motion to Federal Court to Appeal Against the Whole Decision of the Court of Appeal (Cont'd)

On 23 September 2015, PPB announced that PPB had on 23 September 2015 received the Notices of Motion from the solicitors of Tengku Dato' Ibrahim bin Tengku Indra Petra and Wong Fook Heng & Tiong Young Kong respectively, to apply for leave to appeal to the Federal Court against the decision of the Court of Appeal on 25 August 2015.

The Federal Court has on 1 March 2016 allowed the leave applications by the Applicants and the Applicants will proceed with the filing of the appeal papers for Case Management.

On 10 October 2016, Tengku Ibrahim, Wong Fook Heng and Tiong Young Kong's appeals against the Company were partially heard by the Federal Court. The Federal Court had fixed 18 October 2016 for the continued hearing but unfortunately the continued hearing could not take place on the said date. The Federal Court subsequently fixed 16 November 2016 as the continued hearing date.

However, on 8 November 2016, the Federal Court via a letter informed all parties that the continued hearing scheduled on 16 November 2016 was converted to a Case Management and the new continued hearing date is fixed on 2 February 2017.

On 2 February 2017, the Federal Court has heard all of the parties for the continued hearing. However, the federal Court has deferred the decision to a later date which is yet to be determined.

B10.2 Arbitration Between Nam Cheong International Limited (Claimant) and Petra Offshore Limited (Respondent)

In relation to the proposed acquisition of two units of 500-men accommodation workbarges, identified as Vessel Hull No. SK316 and SK317 from Nam Cheong International Limited ("NCIL") at a consideration of USD84.0 million, the Company's wholly owned subsidiary, Petra Offshore Limited ("POL") had on 1 December 2016 sent a notification to NCIL of the cancellation of the Memorandum of Agreement ("MoA") on the acquisition of the accommodation work barge identified as Vessel Hull No. SK317 ("Vessel") as NCIL had not fulfilled the condition of delivery of the Vessel in accordance with the terms and conditions of the MoA. Accordingly, POL had sought for the immediate return of the deposit paid of USD8.4 million ("Deposit"), as advised by the legal counsel.

On 5 December 2016, POL received a letter from NCIL stating that POL has no right to cancel the MoA and in view thereof had breached the terms of the MoA. NCIL had consequently treated the MoA as terminated and had forfeited the Deposit.

Notwithstanding the above claims by NCIL, POL had on 9 December 2016 through its solicitors issued a letter of demand to NCIL for the return of the Deposit.

On 22 December 2016, POL received from the solicitors of NCIL a Notice of Arbitration dated 22 December 2016 that NCIL has filed with the Kuala Lumpur Regional Centre for Arbitrations as Claimant against POL as the Respondent in respect of disputes arising out of the MoA for the sale and purchase of one unit 500-men accommodation work barge (Hull No. SK317) dated 23 June 2014 as amended by the Addendum No. 1 dated 27 May 2015.

NCIL is seeking, inter alia, the relief that POL's purported termination of the MoA on 1 December 2016 was wrongful and unwarranted and the forfeiture of the 20% deposit amounting to USD8.4 million together with damages arising from failure and/or refusal and/or neglect of POL to take delivery of the Vessel.



B10.2 Arbitration Between Nam Cheong International Limited (Claimant) and Petra Offshore Limited (Respondent) (Cont'd)

On 18 January 2017, POL had via its solicitors issued a Response to Notice of Arbitration to NCIL. POL's Response to Notice of Arbitration counterclaimed that NCIL's claim against POL is misconceived and erroneous as the Vessel was not in every respect physically ready for delivery and therefore the relief or remedy sought by NCIL did not arise and the cancellation of the MoA by POL was valid. Hence, POL continued to seek the immediate release of the Deposit paid.

B11. Dividend

No dividend was proposed or declared during the quarter under review.

Total dividends paid during the respective financial years are as follows:

	Sen per share (net)	Total amount RM'000	Date of payment
<u>2015</u>			
Second interim 2014 ordinary (single-tier)	3.50	<u>30,698</u>	14-Apr-15

B12. Earnings per share

Basic Earnings Per Share	Current Quarter Ended 31-Dec-16	Corresponding Quarter Ended 31-Dec-15	Cumulative Period Ended 31-Dec-16	Corresponding Period Ended 31-Dec-15
Profit for the period attributable to Owners of the Company (RM'000)	47,093	16,480	54,930	172,170
Weighted average number of ordinary shares in issue ('000)	877,100	877,100	877,100	877,100
Basic earnings per share (sen)	5.37	1.88	6.26	19.63



B13. Retained earnings

The breakdown of retained earnings of the Group as at reporting date, into realised and unrealised is as follows:

	As at 31-Dec-16 RM'000	As at 31-Dec-15 RM'000
Total retained earnings of the Company and its subsidiaries		
Realised	816,825	780,014
Unrealised	3,681	2,194
less: Consolidation adjustments	(249,195)	(265,827)
Total retained earnings as per consolidated accounts	571,311	516,381

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

B14. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 February 2017.