

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2018

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/01/2018 RM'000	Preceding year corresponding quarter 31/01/2017 RM'000	Twelve months to 31/01/2018 RM'000	Twelve months to 31/01/2017 RM'000
1. Revenue	1,189,245	1,812,820	5,894,998	7,651,323
Other operating income	16,024	2,877	67,555	1,360,543
Operating expenses	(856,347)	(1,332,169)	(4,505,826)	(6,276,440)
Profit from operations	348,922	483,528	1,456,727	2,735,426
Depreciation and amortisation	(243,865)	(312,912)	(1,061,978)	(1,792,072)
Finance income	5,386	5,649	21,396	23,798
Finance costs	(210,323)	(221,083)	(858,666)	(799,856)
Net foreign exchange (loss)/gain	(80,951)	54,741	(35,036)	43,738
Gain on disposal of property, plant and equipment	4,162	-	9,745	-
Share of profit from associates and joint ventures	56,942	147,480	276,516	456,897
(Loss)/profit before taxation and impairments	(119,727)	157,403	(191,296)	667,931
Provision for impairment on property, plant and equipment and oil and gas properties	(2,132,293)	(282,683)	(2,132,293)	(282,683)
(Loss)/profit before taxation, after impairments	(2,252,020)	(125,280)	(2,323,589)	385,248
Taxation	(34,376)	(47,639)	(181,226)	(179,084)
(Loss)/profit after taxation	(2,286,396)	(172,919)	(2,504,815)	206,164
Attributable to:				
Owners of the Parent	(2,285,531)	(172,319)	(2,503,473)	208,316
Non-controlling interests	(865)	(600)	(1,342)	(2,152)
	(2,286,396)	(172,919)	(2,504,815)	206,164
2. Earnings per share (sen)				
Basic/Diluted	(38.44)	(2.89)	(42.10)	3.50

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2018

THE FIGURES HAVE NOT BEEN AUDITED

II. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/01/2018 RM'000	Preceding year corresponding quarter 31/01/2017 RM'000	Twelve months to 31/01/2018 RM'000	Twelve months to 31/01/2017 RM'000
(Loss)/profit after taxation	(2,286,396)	(172,919)	(2,504,815)	206,164
Other comprehensive income:				
<i>Items that may be reclassified to income statements in subsequent periods:</i>				
Foreign currency translation differences	(315,232)	455,442	(670,117)	478,551
Cash flow hedge:				
- Changes in fair value of derivatives	207,122	(12,259)	284,422	(21,859)
- Foreign exchange loss on hedged items	(204,490)	-	(334,418)	-
Share of other comprehensive (loss)/income of associates and joint ventures:				
- Foreign currency translation differences	(91,301)	99,451	(157,634)	165,202
- Changes in fair value of derivatives	23,402	51,664	23,150	58,321
<i>Item that has been reclassified to income statements in current period:</i>				
Transfer of exchange differences arising upon dissolution of joint ventures	(136,508)	-	(189,265)	-
Total comprehensive (loss)/income	<u>(2,803,403)</u>	<u>421,379</u>	<u>(3,548,677)</u>	<u>886,379</u>
Attributable to:				
Owners of the Parent	(2,801,494)	422,041	(3,544,886)	888,243
Non-controlling interests	(1,909)	(662)	(3,791)	(1,864)
Total comprehensive (loss)/ income	<u>(2,803,403)</u>	<u>421,379</u>	<u>(3,548,677)</u>	<u>886,379</u>

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2018
THE FIGURES HAVE NOT BEEN AUDITED

III. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	As at end of current financial year 31/01/2018 RM'000	As at end of preceding financial year 31/01/2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	11,454,733	15,140,032
Expenditure on oil and gas properties	3,938,046	4,398,855
Goodwill on consolidation	7,899,113	8,443,539
Other intangible assets	19,767	39,991
Investment in associates and joint ventures	1,557,506	1,858,609
Deferred tax assets	103,690	221,571
Derivative assets	262,563	-
Trade receivables	30,537	39,129
	<u>25,265,955</u>	<u>30,141,726</u>
Current assets		
Inventories	376,555	458,483
Trade and other receivables	2,530,111	3,234,444
Tax recoverable	103,913	95,099
Cash and cash equivalents	1,716,235	3,519,509
	<u>4,726,814</u>	<u>7,307,535</u>
TOTAL ASSETS	<u>29,992,769</u>	<u>37,449,261</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	8,066,410	8,066,410
Shares held under trust	(114,942)	(93,304)
Other reserves	1,443,619	2,485,032
Retained profits	54,879	2,617,980
	<u>9,449,966</u>	<u>13,076,118</u>
Non-controlling interests	399	4,190
Total equity	<u>9,450,365</u>	<u>13,080,308</u>
Non-current liabilities		
Borrowings	14,692,954	15,135,967
Other payables	1,620	347,043
Provision for assets retirement obligation	196,118	251,967
Derivative liabilities	-	21,859
Deferred tax liabilities	1,023,726	1,282,684
	<u>15,914,418</u>	<u>17,039,520</u>
Current liabilities		
Borrowings	1,722,201	3,511,050
Trade and other payables	2,797,114	3,765,602
Provision for assets retirement obligation	25,086	28,377
Income tax payable	83,585	24,404
	<u>4,627,986</u>	<u>7,329,433</u>
TOTAL LIABILITIES	<u>20,542,404</u>	<u>24,368,953</u>
TOTAL EQUITY AND LIABILITIES	<u>29,992,769</u>	<u>37,449,261</u>
Net assets per share (RM)	<u>1.59</u>	<u>2.19</u>

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2018

THE FIGURES HAVE NOT BEEN AUDITED

IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Parent				Non-controlling interests	Total equity
	Share capital	Shares held under trust	Other reserves	Retained profits		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Twelve months to 31 January 2018						
(Unaudited)						
At 1 February 2017	8,066,410	(93,304)	2,485,032	2,617,980	13,076,118	4,190
Total comprehensive loss	-	-	(1,041,413)	(2,503,473)	(3,544,886)	(3,791)
Transactions with owners:						
Purchase of shares held under trust	-	(46,000)	-	-	(46,000)	-
Dividend on ordinary shares	-	-	-	(59,628)	(59,628)	-
Shares transferred during the year	-	24,362	-	-	24,362	-
Total transactions with owners	-	(21,638)	-	(59,628)	(81,266)	-
At 31 January 2018	8,066,410	(114,942)	1,443,619	54,879	9,449,966	399

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2018

THE FIGURES HAVE BEEN AUDITED

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

	Attributable to owners of the Parent					Total	Non- controlling interests	Total equity
	Share capital	Share premium	Shares held under trust	Other reserves	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Twelve months to 31 January 2017 (Audited)								
At 1 February 2016	5,992,155	2,074,255	(80,000)	1,821,934	2,398,609	12,206,953	6,054	12,213,007
Total comprehensive income/(loss)	-	-	-	679,927	208,316	888,243	(1,864)	886,379
Transactions with owners:								
Purchase of shares held under trust	-	-	(80,000)	-	-	(80,000)	-	(80,000)
Shares transferred during the year	-	-	66,696	-	-	66,696	-	66,696
Reversal of fair value adjustment	-	-	-	(5,774)	-	(5,774)	-	(5,774)
Transfer of other reserve	-	-	-	(11,055)	11,055	-	-	-
Effect of implementation of Companies Act 2016	2,074,255	(2,074,255)	-	-	-	-	-	-
Total transactions with owners	<u>2,074,255</u>	<u>(2,074,255)</u>	<u>(13,304)</u>	<u>(16,829)</u>	<u>11,055</u>	<u>(19,078)</u>	<u>-</u>	<u>(19,078)</u>
At 31 January 2017	<u>8,066,410</u>	<u>-</u>	<u>(93,304)</u>	<u>2,485,032</u>	<u>2,617,980</u>	<u>13,076,118</u>	<u>4,190</u>	<u>13,080,308</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.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2018

THE FIGURES HAVE NOT BEEN AUDITED

V. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED Twelve months to 31/01/2018 RM'000	AUDITED Twelve months to 31/01/2017 RM'000
(Loss)/profit before taxation	(2,323,589)	385,248
Adjustments	3,918,921	2,303,653
Operating profit before working capital changes	1,595,332	2,688,901
Changes in working capital	(560,203)	592,354
Cash generated from operations	1,035,129	3,281,255
Taxation paid	(123,931)	(145,971)
Net cash generated from operating activities	911,198	3,135,284
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,055,632)	(180,520)
Expenditure on oil and gas properties	(259,724)	(199,417)
Net advances to joint venture companies	(31,625)	(192,246)
Dividend received from a joint venture company	423,695	449,479
Other items	29,012	25,356
Net cash used in investing activities	(894,274)	(97,348)
Cash flows from financing activities		
Finance costs paid	(743,139)	(824,211)
Dividend paid on ordinary shares	(59,628)	-
Purchase of shares held under trust	(46,000)	(80,000)
Net repayment of revolving credit, term loans, Islamic Facility and Sukuk Programme	(871,036)	(676,606)
Net repayment of hire purchase and lease financing	(8,700)	(7,949)
Net cash used in financing activities	(1,728,503)	(1,588,766)
Net (decrease)/increase in cash and cash equivalents	(1,711,579)	1,449,170
Effect of exchange rate translation	(91,695)	122,812
Cash and cash equivalents at beginning of year	3,519,509	1,947,527
Cash and cash equivalents at end of year	1,716,235	3,519,509

The condensed consolidated statement of cash flows 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 2018 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 International Auditing Standards ("IAS") 34: Interim Financial Reporting issued by the International Accounting Standards Board.

The unaudited condensed consolidated interim financial statements for the financial year ended 31 January 2018 should be read in conjunction with the audited financial statements for the financial year ended 31 January 2017.

The accounting policies and methods of computation adopted by Sapura Energy 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 2017 except for the following:

On 1 February 2017, the Group and the Company have adopted the following Amendments to MFRS that have been issued by the Malaysian Accounting Standards Board ("MASB").

Effective for annual periods beginning on or after 1 January 2017:

Amendments to MFRS 12 (Annual Improvements to MFRS Standards 2014-2016 Cycle)

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

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

2. Seasonality and cyclicity of operations

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

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

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

4. Changes in estimates

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

5. Debt and equity securities

During the current quarter, shares worth RM24.4 million were transferred to the eligible employees under the share bonus scheme. There were no other transactions during the current quarter other than as disclosed.

6. Subsequent events

There was no material event subsequent to 31 January 2018 which has not been reflected in these condensed consolidated interim financial statements.

7. Changes in the composition of the Group

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

8. Contingent liabilities

The Group has provided corporate guarantees given to financial institutions for credit facilities granted to joint ventures amounting to RM816.8 million (31 January 2017: RM1,174.7 million).

9. Capital commitments

Capital expenditure for property, plant and equipment and expenditure on oil and gas properties approved and not provided for in these condensed consolidated interim financial statements as at 31 January 2018 is as follows:

Approved and contracted for:	31/01/2018
	RM'000
Group	<u>542,184</u>

10. Taxation

Taxation comprises the following:

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/01/2018 RM'000	Preceding year corresponding quarter 31/01/2017 RM'000	Twelve months to 31/01/2018 RM'000	Twelve months to 31/01/2017 RM'000
Current taxation:				
Malaysian taxation	57,315	40,620	102,791	107,952
Foreign taxation	25,422	20,195	89,468	80,653
Deferred taxation	<u>(48,361)</u>	<u>(13,176)</u>	<u>(11,033)</u>	<u>(9,521)</u>
	<u>34,376</u>	<u>47,639</u>	<u>181,226</u>	<u>179,084</u>

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

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

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

11. Status of corporate proposals announced

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

12. Borrowings

	Short term borrowings		Long term borrowings		Total borrowings	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 January 2018						
Secured						
Hire purchase	1,055	5,079	110	177	1,165	5,256
Unsecured						
Revolving credit	762,581	952,100	-	-	762,581	952,100
Term loan	1,386	-	6,820,680	-	6,822,066	-
Islamic Facility	-	-	1,534,595	1,868,893	1,534,595	1,868,893
Sukuk Programme	-	-	1,066,067	3,402,432	1,066,067	3,402,432
	<u>765,022</u>	<u>957,179</u>	<u>9,421,452</u>	<u>5,271,502</u>	<u>10,186,474</u>	<u>6,228,681</u>
Total		<u>1,722,201</u>		<u>14,692,954</u>		<u>16,415,155</u>

	Short term borrowings		Long term borrowings		Total borrowings	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 January 2017						
Secured						
Hire purchase	2,476	6,264	1,098	5,537	3,574	11,801
Unsecured						
Revolving credit	1,057,240	126,502	-	-	1,057,240	126,502
Term loan	1,845,122	-	8,473,926	-	10,319,048	-
Islamic Facility	226,174	241,961	2,704,101	2,896,198	2,930,275	3,138,159
Sukuk Programme	-	-	882,400	172,707	882,400	172,707
Bank overdrafts	5,311	-	-	-	5,311	-
	<u>3,136,323</u>	<u>374,727</u>	<u>12,061,525</u>	<u>3,074,442</u>	<u>15,197,848</u>	<u>3,449,169</u>
Total		<u>3,511,050</u>		<u>15,135,967</u>		<u>18,647,017</u>

13. Derivative financial instruments

The Group has entered into Islamic Cross-Currency Swap ("ICRCS") contracts with various banks to hedge part of the Group's borrowings.

Details of the derivative outstanding at the reporting date are as follows:

	As at 31 January 2018		As at 31 January 2017	
	Notional Value RM'000	Assets Fair Value RM'000	Notional Value RM'000	Liabilities Fair Value RM'000
5 years Islamic Cross-Currency Swap	2,704,606	262,563	176,000	(21,859)

The Group treats the derivatives as cash flow hedges. The Group uses cash flow hedges to mitigate the risk of variability of future cash flows attributable to foreign currency fluctuation over the hedging period on its borrowings.

There is no gain/(loss) recognised in the profit or loss arising from fair value changes of derivatives.

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 were on 22 to 23 December 2014 and 5 to 7 January 2015.

The recent dates of hearing fixed by the tribunal were from 8 to 10 January 2018 and continued on 5 to 6 February 2018. ONGC's counsel started submission on 6 February 2018 and shall continue on 2 to 4 May 2018. Tribunal fixed rejoinder arguments for Sarku on 6 to 7 August 2018.

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

15. Review of Group Performance

15.1 Current quarter vs. corresponding quarter of the preceding year

	Individual Quarter		
	3 months to		
	31/01/2018	31/01/2017	Changes
	RM'000	RM'000	%
Revenue	1,189,245	1,812,820	(34.4)
Profit from operations	348,922	483,528	(27.8)
(Loss)/profit before taxation and impairments	(119,727)	157,403	(>100)
Loss before taxation, after impairments	(2,252,020)	(125,280)	(>100)
Loss after taxation	(2,286,396)	(172,919)	(>100)
Loss attributable to owners of the Parent	<u>(2,285,531)</u>	<u>(172,319)</u>	<u>(>100)</u>

The Group revenue of RM1,189.2 million was 34.4% lower than RM1,812.8 million in the corresponding quarter of the preceding year ("Q4 FY2017"), mainly attributable to the lower revenue from Engineering and Construction and Drilling business segments.

In the current quarter, the Group recorded loss before taxation and impairments of RM119.7 million. The Group financial performance was lower by RM277.1 million as compared to profit before taxation and impairments of RM157.4 million in Q4 FY2017, in line with the lower revenue from Engineering and Construction and Drilling business segments as well as the lower share of profit from associates and joint ventures.

In the current quarter, the Group has made a provision for impairment on property, plant and equipment of RM2,132.3 million (Q4 FY2017: RM282.7 million).

15.2 Current year vs. corresponding preceding year

	Cumulative Quarter		
	12 months to		
	31/01/2018	31/01/2017	Changes
	RM'000	RM'000	%
Revenue	5,894,998	7,651,323	(23.0)
Profit from operations	1,456,727	2,735,426	(46.7)
(Loss)/profit before taxation and impairments	(191,296)	667,931	(>100)
(Loss)/profit before taxation, after impairments	(2,323,589)	385,248	(>100)
(Loss)/profit after taxation	(2,504,815)	206,164	(>100)
(Loss)/profit attributable to owners of the Parent	<u>(2,503,473)</u>	<u>208,316</u>	<u>(>100)</u>

The Group revenue of RM5,895.0 million was 23.0% lower than RM7,651.3 million in the corresponding preceding year ("corresponding year").

In the current year, the Group recorded loss before taxation and impairments of RM191.3 million. The Group financial performance was lower by RM859.2 million as compared to profit before taxation and impairments of RM667.9 million in the corresponding year, in line with the lower revenue. Included in the corresponding year was the financial performance of Berantai Risk Service Contract ("Berantai RSC") until its cessation in Q2 FY2017.

In the current year, the Group has made a provision for impairment on property, plant and equipment of RM2,132.3 million (Corresponding year: RM282.7 million). In addition, included in the current year's share of profit from associates and joint ventures is the share of loss on disposal of vessel by SapuraAcergy amounting to RM46.1 million.

15. Review of Group Performance (cont'd.)

15.3 Current quarter vs. immediate preceding quarter

	Individual Quarter		Changes
	31/01/2018	31/10/2017	
	RM'000	RM'000	%
Revenue	1,189,245	1,279,973	(7.1)
Profit from operations	348,922	274,978	26.9
Loss before taxation and impairments	(119,727)	(209,716)	42.9
Loss before taxation, after impairments	(2,252,020)	(209,716)	(>100)
Loss after taxation	(2,286,396)	(275,221)	(>100)
Loss attributable to owners of the Parent	(2,285,531)	(274,406)	(>100)

The Group revenue of RM1,189.2 million was 7.1% lower than the immediate preceding quarter ("Q3 FY2018") of RM1,280.0 million, primarily due to the lower activities from the Engineering and Construction and Drilling business segments.

In the current quarter, the Group recorded loss before taxation and impairments of RM119.7 million. The Group financial performance was improved by RM90.0 million as compared to loss before taxation and impairments of RM209.7 million in Q3 FY2018, mainly due to better financial performance of Drilling and Exploration and Production business segments.

In the current quarter, the Group has made a provision for impairment on property, plant and equipment of RM2,132.3 million (Q3 FY2018: Nil).

16. Segment information

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

- (i) Engineering and Construction ("E&C");
- (ii) Drilling;
- (iii) Exploration and Production ("E&P") (previously referred to as Energy segment); and
- (iv) Corporate

	<u>12 months to 31/01/2018</u>	
	Revenue RM'000	Operating profit/(loss) RM'000
E&C	3,955,874	194,513
Drilling	1,145,540	(2,271,827)
E&P	850,408	82,070
	5,951,822	(1,995,244)
Corporate expenses and eliminations	(56,824)	(328,345)
Group revenue / loss before taxation, after impairments	5,894,998	(2,323,589)

17. Review of Segment Performance

17.1 Current quarter vs. corresponding quarter of the preceding year

	Revenue 3 months to			Operating profit/(loss) 3 months to		
	31/01/2018	31/01/2017	Changes	31/01/2018	31/01/2017	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Business Segments:						
E&C	670,313	1,156,125	(42.0)	(84,241)	(37,688)	(>100)
Drilling	230,369	397,431	(42.0)	(2,114,474)	(157,483)	(>100)
E&P	286,458	274,064	4.5	26,445	74,059	(64.3)
	<u>1,187,140</u>	<u>1,827,620</u>		<u>(2,172,270)</u>	<u>(121,112)</u>	
Corporate expenses and eliminations	2,105	(14,800)	>100	(79,750)	(4,168)	(>100)
Group revenue/ loss before taxation, after impairments	<u>1,189,245</u>	<u>1,812,820</u>	(34.4)	<u>(2,252,020)</u>	<u>(125,280)</u>	(>100)

Business Segments:

Engineering and Construction

The segment recorded revenue of RM670.3 million, which was 42.0% lower than RM1,156.1 million in Q4 FY2017, in line with the lower activities during the current quarter.

The segment recorded loss before taxation, after impairments for the current quarter of RM84.2 million. The financial performance was lower by RM46.6 million as compared to loss before taxation, after impairments of RM37.7 million in Q4 FY2017, in line with the lower revenue.

Included in the current quarter segment loss before taxation, after impairments is a provision for impairment on property, plant and equipment of RM62.5 million (Q4 FY2017: RM123.0 million).

Drilling

The segment revenue for the current quarter of RM230.4 million was 42.0% lower than RM397.4 million in Q4 FY2017, mainly due to the lower revenue from certain rigs which were off contract during the current quarter, compared to Q4 FY2017.

The segment loss before taxation, after impairments in the current quarter is RM2,114.5 million. Included in the current quarter segment loss before taxation, after impairments is a provision for impairment on property, plant and equipment of RM2,062.2 million (Q4 FY2017: RM160.9 million). Excluding this item, the segment recorded loss before taxation of RM52.3 million, which was lower by RM55.7 million compared to profit before taxation of RM3.4 million in Q4 FY2017, in line with the lower revenue.

Exploration and Production

The segment recorded revenue of RM286.5 million, which was 4.5% higher than RM274.1 million in Q4 FY2017. The increase was due to the higher barrels of oil lifted and the effect of the higher average realised oil price achieved in the current quarter compared to Q4 FY2017.

The segment recorded profit before taxation, after impairments of RM26.4 million which was lower by RM47.6 million compared to RM74.1 million in Q4 FY2017.

17. Review of Segment Performance (cont'd.)

17.2 Current year vs. corresponding preceding year

	Revenue			Operating profit/(loss)		
	12 months to			12 months to		
	31/01/2018	31/01/2017	Changes	31/01/2018	31/01/2017	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Business Segments:						
E&C	3,955,874	4,543,646	(12.9)	194,513	435,065	(55.3)
Drilling	1,145,540	2,018,834	(43.3)	(2,271,827)	78,375	(>100)
E&P	850,408	1,120,967	(24.1)	82,070	129,833	(36.8)
	<u>5,951,822</u>	<u>7,683,447</u>		<u>(1,995,244)</u>	<u>643,273</u>	
Corporate expenses and eliminations	<u>(56,824)</u>	<u>(32,124)</u>	(76.9)	<u>(328,345)</u>	<u>(258,025)</u>	(27.3)
Group revenue/(loss)/profit before taxation, after impairments	<u>5,894,998</u>	<u>7,651,323</u>	(23.0)	<u>(2,323,589)</u>	<u>385,248</u>	(>100)

Business Segments:

Engineering and Construction

The segment revenue for the current year of RM3,955.9 million was 12.9% lower compared to the corresponding year, in line with the lower activities during the current year.

The segment profit before taxation, after impairments of RM194.5 million was 55.3% lower compared to the corresponding year, in line with the lower revenue. Included in the current year's share of profit from joint ventures is the share of loss on disposal of vessel by SapuraAcergy amounting to RM46.1 million. In addition, the segment has recorded a provision for impairment on property, plant and equipment of RM62.5 million in the current year (Corresponding year: RM123.0 million). Excluding these items, the segment reported profit before taxation of RM303.1 million, which was 45.7% lower than RM558.1 million recorded in the corresponding year, in line with the lower revenue.

Drilling

The segment revenue for the current year of RM1,145.5 million was lower by 43.3% compared to the corresponding year, mainly due to certain rigs which were off contract during the current year.

The segment recorded loss before taxation, after impairments of RM2,271.8 million in the current year. Included in the segment loss before taxation, after impairments is a provision for impairment on property, plant and equipment of RM2,062.2 million (Corresponding year: RM160.9 million). Excluding this item, the segment reported loss before taxation of RM209.7 million, which was RM448.9 million lower than profit before taxation of RM239.3 million in the corresponding year. This is in line with the lower revenue during the current year.

17. Review of Segment Performance (cont'd.)

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

Exploration and Production

The segment revenue for the current year of RM850.4 million was 24.1% lower compared to the corresponding year, mainly due to lower barrels of oil lifted in the current year, offset by the effect of the higher average realised oil price achieved. Included in the revenue for the corresponding year was revenue from Berantai RSC until the cessation in Q2 FY2017.

The segment profit before taxation, after impairments of RM82.1 million was 36.8% lower than the corresponding year. Included in the corresponding year was the financial performance of Berantai RSC until the cessation in Q2 FY2017.

18. Additional disclosure information

18.1 Foreign exchange exposure/Hedging policy

Foreign currency (a currency which is other than the functional currency of the Group entities) risk is the risk that the fair value or future cash flows of the Group's financial instrument will fluctuate because of the changes in foreign exchange rates.

The Group has transactional currency exposures arising mainly from revenue or costs and advances that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily RM and US Dollar ("USD"). The foreign currencies in which these transactions are denominated are mainly in USD and RM.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the assets or investment is located or by borrowing in the currencies that match the future revenue stream to be generated from its investments. Where possible, the strategy is to match the payments for foreign currency payables against receivables denominated in the same foreign currency.

The Group has entered into Islamic Cross-Currency Swap ("ICRCS") contracts with various banks to hedge part of the Group's borrowings. Further details on derivative financial instruments are disclosed in Note 13.

18. Additional disclosure information (cont'd.)

18.2 Trade and other receivables

	As at 31/01/2018 RM'000	As at 31/01/2017 RM'000
Non-current		
Trade receivables, representing total non-current trade receivables	<u>30,537</u>	<u>39,129</u>
Current		
Trade receivables	1,576,527	1,971,936
Less: Provision for impairment	<u>(34,446)</u>	<u>(30,328)</u>
	<u>1,542,081</u>	<u>1,941,608</u>
Other receivables	<u>988,030</u>	<u>1,292,836</u>
Total current trade and other receivables	<u>2,530,111</u>	<u>3,234,444</u>
Total trade and other receivables	<u>2,560,648</u>	<u>3,273,573</u>

Trade receivables are non-interest bearing. The Group's normal trade credit term ranges from 30 to 120 days (as at 31 January 2017: 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis. Overdue balances are reviewed regularly by the management. Trade receivables are recognised at original invoice amounts which represent their fair values on initial recognition.

19. (a) Commentary on prospects

The industry has seen a gradual recovery from the low levels of activity experienced in the last three years as reflected in the higher crude oil prices. Consequently, our Services segment has witnessed increased levels of bidding and contracting activities globally. The Group continues to optimise costs which includes impairing assets, in particular in the Drilling segment, which we believe will take a longer period of recovery.

In the last two months, the Group has secured RM2.7 billion of new orders in the Services segment, resulting in a stronger orderbook position which would contribute to revenues for FY2019. For the E&P segment, with completion of the SK310 B15 development, the Group is currently focused on the potential development of SK408 field, which will further enhance the value and long-term earnings visibility of the business.

The Group remains focused on maintaining strong operational performance and replenishing the orderbook by strengthening its position in existing markets and embedding ourselves into new ones to enlarge the bid opportunities, thus enhancing value for our stakeholders.

The Board is optimistic that the gradual recovery in the industry will improve the medium-to-long term prospects for the Group.

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

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

20. Dividend

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

21. Earnings per share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>31/01/2018</u>	<u>31/01/2017</u>	<u>31/01/2018</u>	<u>31/01/2017</u>
Basic/Diluted				
(Loss)/profit attributable to owners of the Parent (RM'000)	(2,285,531)	(172,319)	(2,503,473)	208,316
Weighted average number of ordinary shares in issue ('000)	5,945,238	5,963,607	5,946,662	5,950,838
Basic/diluted earnings per share (sen)	<u>(38.44)</u>	<u>(2.89)</u>	<u>(42.10)</u>	<u>3.50</u>

By Order of the Board

Lew Sue Li (MIA 42700)
Group Company Secretary

Seri Kembangan, Selangor Darul Ehsan
28 March 2018