

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 JULY 2017

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Quarter		Cumulative Quarter	
	Current year quarter <b>31/07/2017</b> RM'000	Preceding year corresponding quarter <b>31/07/2016</b> RM'000	Six months to <b>31/07/2017</b> RM'000	Six months to <b>31/07/2016</b> RM'000
<b>1. Revenue</b>	<b>1,656,208</b>	<b>1,675,335</b>	<b>3,425,779</b>	<b>3,616,779</b>
Other operating income	23,405	1,336,161	38,459	1,346,488
Operating expenses	(1,269,126)	(1,882,032)	(2,631,412)	(3,244,208)
<b>Profit from operations</b>	<b>410,487</b>	<b>1,129,464</b>	<b>832,826</b>	<b>1,719,059</b>
Depreciation and amortisation	(271,668)	(895,325)	(547,378)	(1,217,096)
Finance income	3,427	5,531	7,990	12,078
Finance costs	(216,561)	(195,128)	(420,880)	(387,832)
Net foreign exchange gain/(loss)	30,808	3,579	68,126	(33,320)
Gain on disposal of property, plant and equipment	-	-	5,583	-
Share of profit from associates and joint ventures	77,263	138,535	191,876	218,385
<b>Profit before taxation</b>	<b>33,756</b>	<b>186,656</b>	<b>138,143</b>	<b>311,274</b>
Taxation	(4,372)	(75,014)	(81,345)	(89,606)
<b>Profit after taxation</b>	<b>29,384</b>	<b>111,642</b>	<b>56,798</b>	<b>221,668</b>
Attributable to:				
Owners of the Parent	28,927	112,266	56,461	222,576
Non-controlling interests	457	(624)	337	(908)
	<b>29,384</b>	<b>111,642</b>	<b>56,798</b>	<b>221,668</b>
<b>2. Earnings per share (sen)</b>				
Basic/Diluted	<b>0.49</b>	<b>1.89</b>	<b>0.95</b>	<b>3.74</b>

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 2017

THE FIGURES HAVE NOT BEEN AUDITED

II. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current year quarter  31/07/2017 RM'000	Preceding year corresponding quarter 31/07/2016 RM'000	Six months to 31/07/2017 RM'000	Six months to 31/07/2016 RM'000
Profit after taxation	29,384	111,642	56,798	221,668
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified to income statements in subsequent periods:</i>				
Foreign currency translation differences	(127,246)	266,732	(267,772)	(171,907)
Transfer of exchange differences arising upon dissolution of Berantai Floating Production Limited	(52,757)	-	(52,757)	-
Cash flow hedge:				
- Changes in fair value of derivatives	50,202	-	41,871	-
- Foreign exchange loss on hedged items	(40,564)	-	(100,412)	-
Share of other comprehensive income of associates and joint ventures:				
- Foreign currency translation differences	(11,166)	74,000	(40,775)	16,274
- Changes in fair value of derivatives	(3,435)	(22,389)	(13,602)	(22,183)
Total comprehensive (loss)/income	<u>(155,582)</u>	<u>429,985</u>	<u>(376,649)</u>	<u>43,852</u>
Attributable to:				
Owners of the parent	(155,919)	429,538	(376,058)	44,466
Non-controlling interests	337	447	(591)	(614)
Total comprehensive (loss)/ income	<u>(155,582)</u>	<u>429,985</u>	<u>(376,649)</u>	<u>43,852</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 2017  
THE FIGURES HAVE NOT BEEN AUDITED

III. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED As at end of current financial period <b>31/07/2017</b> RM'000	AUDITED As at end of preceding financial year <b>31/01/2017</b> RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	14,311,855	15,140,032
Expenditures on oil and gas properties	4,309,909	4,398,855
Goodwill on consolidation	8,295,848	8,443,539
Other intangible assets	27,049	39,991
Investment in associates and joint ventures	1,991,282	1,858,609
Deferred tax assets	157,276	221,571
Derivatives	20,012	-
Trade receivables	30,306	39,129
	<u>29,143,537</u>	<u>30,141,726</u>
<b>Current assets</b>		
Inventories	503,245	458,483
Trade and other receivables	2,878,166	3,234,444
Tax recoverable	103,917	95,099
Cash and cash equivalents	2,230,861	3,519,509
	<u>5,716,189</u>	<u>7,307,535</u>
<b>TOTAL ASSETS</b>	<b><u>34,859,726</u></b>	<b><u>37,449,261</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	8,066,410	8,066,410
Shares held under trust	(139,304)	(93,304)
Other reserves	2,052,513	2,485,032
Retained profits	2,614,813	2,617,980
	<u>12,594,432</u>	<u>13,076,118</u>
<b>Non-controlling interests</b>	<u>3,599</u>	<u>4,190</u>
<b>Total equity</b>	<u>12,598,031</u>	<u>13,080,308</u>
<b>Non-current liabilities</b>		
Borrowings	15,644,353	15,135,967
Other payables	199,977	347,043
Provision for assets retirement obligation	251,590	251,967
Derivatives	-	21,859
Deferred tax liabilities	1,202,652	1,282,684
	<u>17,298,572</u>	<u>17,039,520</u>
<b>Current liabilities</b>		
Borrowings	1,505,088	3,511,050
Trade and other payables	3,398,124	3,765,602
Provision for assets retirement obligation	16,369	28,377
Income tax payable	43,542	24,404
	<u>4,963,123</u>	<u>7,329,433</u>
<b>TOTAL LIABILITIES</b>	<u>22,261,695</u>	<u>24,368,953</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>34,859,726</u></b>	<b><u>37,449,261</u></b>
<b>Net assets per share (RM)</b>	<b><u>2.12</u></b>	<b><u>2.19</u></b>

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 2017

THE FIGURES HAVE NOT BEEN AUDITED

IV. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED Six months to 31/07/2017 RM'000	UNAUDITED Six months to 31/07/2016 RM'000
<b>Profit before taxation</b>	<b>138,143</b>	<b>311,274</b>
Adjustments	761,293	1,414,316
Operating profit before working capital changes	899,436	1,725,590
Changes in working capital	(63,919)	(237,656)
<b>Cash generated from operations</b>	<b>835,517</b>	<b>1,487,934</b>
Taxation paid	(49,809)	(99,560)
<b>Net cash generated from operating activities</b>	<b>785,708</b>	<b>1,388,374</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(297,196)	(61,061)
Expenditure on oil and gas properties	(169,192)	(188,652)
Net advances to joint venture companies	-	(59,166)
Other items	17,444	13,935
<b>Net cash used in investing activities</b>	<b>(448,944)</b>	<b>(294,944)</b>
<b>Cash flows from financing activities</b>		
Finance cost paid	(354,131)	(426,804)
Dividend paid on ordinary shares	(59,628)	-
Purchase of shares held under trust	(46,000)	(80,000)
Net (repayment)/drawdown of revolving credit, term loans, Islamic Facility and Sukuk Programme	(1,119,057)	189,567
Net repayment of hire purchase and lease financing	(6,572)	(4,037)
<b>Net cash used in financing activities</b>	<b>(1,585,388)</b>	<b>(321,274)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,248,624)</b>	<b>772,156</b>
Effect of exchange rate translation	(40,024)	(9,529)
Cash and cash equivalent at beginning of year	3,519,509	1,947,527
<b>Cash and cash equivalent at end of period</b>	<b>2,230,861</b>	<b>2,710,154</b>

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 2017

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	Shares held under trust	Other reserves	Retained profits		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Six months to 31 July 2017</b>						
<b>(Unaudited)</b>						
At 1 February 2017	8,066,410	(93,304)	2,485,032	2,617,980	13,076,118	4,190
<b>Total comprehensive income</b>	-	-	(432,519)	56,461	(376,058)	(591)
<b>Transaction with owners:</b>						
Purchase of shares held under trust	-	(46,000)	-	-	(46,000)	-
Dividend on ordinary shares	-	-	-	(59,628)	(59,628)	-
<b>Total transaction with owners</b>	-	(46,000)	-	(59,628)	(105,628)	-
At 31 July 2017	<u>8,066,410</u>	<u>(139,304)</u>	<u>2,052,513</u>	<u>2,614,813</u>	<u>12,594,432</u>	<u>3,599</u>

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 JULY 2017

THE FIGURES HAVE NOT BEEN AUDITED

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

	Attributable to owners of the parent					Non-controlling interests	Total equity	
	Share capital RM'000	Share premium RM'000	Shares held under trust RM'000	Other reserves RM'000	Retained profits RM'000			Total RM'000
<b>Six months to 31 July 2016</b>								
<b>(Unaudited)</b>								
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
<b>Total comprehensive income</b>	-	-	-	(178,110)	222,576	44,466	(614)	43,852
<b>Transaction with owners:</b>								
Purchase of shares held under trust	-	-	(80,000)	-	-	(80,000)	-	(80,000)
<b>Total transaction with owners</b>	-	-	(80,000)	-	-	(80,000)	-	(80,000)
At 31 July 2016	<u>5,992,155</u>	<u>2,074,255</u>	<u>(160,000)</u>	<u>1,643,824</u>	<u>2,621,185</u>	<u>12,171,419</u>	<u>5,440</u>	<u>12,176,859</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 2017 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 period ended 31 July 2017 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 (formerly known as 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 2017 except for the following:

As at 1 February 2017, 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").

#### **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 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 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 interim financial statements.

### 4. Changes in estimates

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

### 5. Debt and equity securities

In the quarter under review, the trustee appointed by the Company purchased 26,502,000 units of its issued ordinary shares from the open market at an average price of RM1.74 per share for the purpose of the share bonus scheme in relation to Long Term Incentive Plan ("LTIP").

There were no other issuance and repayment of debt securities, share buy-back, share cancellations, shares held under trust and resale of shares held under trust during the quarter ended 31 July 2017.

## 6. Subsequent events

There was no material event subsequent to 31 July 2017 which has not been reflected in these condensed consolidated interim financial statements.

## 7. Changes in the composition of the Group

On 14 May 2017, Berantai Floating Production Limited, the joint venture company owned by Sapura Energy Ventures Sdn Bhd and Sapura Petroleum Ventures Sdn Bhd (formerly known as SapuraKencana Petroleum Ventures Sdn Bhd), both wholly-owned subsidiaries of the Company, together with Petrofirst Infrastructure Limited, which was principally involved in the business of leasing of Floating Production Storage and Offloading ("FPSO") Berantai to Berantai Risk Service Contract, was dissolved pursuant to the Labuan Companies Act 1990.

There was no other significant 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 ventures amounting to RM933.5 million (31 January 2017: RM1,174.7 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 statements as at 31 July 2017 are as follows:

<b>Approved and contracted:</b>	<b>31/07/2017</b>
	RM'000
Group	<u>1,425,291</u>

## 10. Taxation

Taxation comprises the following:

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	<b>31/07/2017</b>	<b>31/07/2016</b>	<b>31/07/2017</b>	<b>31/07/2016</b>
	RM'000	RM'000	RM'000	RM'000
Current taxation:				
Malaysian taxation	(29,965)	31,662	23,314	58,768
Foreign taxation	15,387	40,797	32,745	28,618
Deferred taxation	18,950	2,555	25,286	2,220
	<u>4,372</u>	<u>75,014</u>	<u>81,345</u>	<u>89,606</u>

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



## 10. Taxation (cont'd.)

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

12.1 The Group's borrowings as at 31 July 2017 and 31 January 2017 are as follows:

	<b>31/07/2017</b>	<b>31/01/2017</b>
	RM'000	RM'000
<b>Short term borrowings</b>		
Secured	5,705	8,740
Unsecured	1,499,383	3,502,310
	<u>1,505,088</u>	<u>3,511,050</u>
<b>Long term borrowings</b>		
Secured	3,096	6,634
Unsecured	15,641,257	15,129,333
	<u>15,644,353</u>	<u>15,135,967</u>
	<u>17,149,441</u>	<u>18,647,017</u>

12.2 Included in the borrowings are borrowings denominated in foreign currency as follows:

	<b>31/07/2017</b>	<b>31/01/2017</b>
	RM'000	RM'000
United States Dollar	<u>11,347,357</u>	<u>15,194,274</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 as at 31 July 2017 are as follows:

	<b>Notional Value</b>	<b>Assets Fair Value</b>
	RM'000	RM'000
5 years Islamic Cross-Currency Swap	<u>2,704,606</u>	<u>20,012</u>

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 income statement arising from fair value changes of derivatives.

#### 14. 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:

	<b>31/07/2017</b>
	RM'000
Total retained profits of the Company and its subsidiaries	
- Realised	2,467,720
- Unrealised:	
- in respect of deferred tax	(1,046,379)
- in respect of other items of income statement	<u>(6,549)</u>
	1,414,792
Total share of retained profits from joint ventures and associates	
- Realised	1,010,456
- Unrealised:	
- in respect of deferred tax	<u>9,736</u>
	1,020,192
Total Group retained profits	2,434,984
Add: Consolidation adjustments	<u>179,829</u>
Total Group retained profits as per consolidated accounts	<u><u>2,614,813</u></u>

#### 15. 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 next dates of hearing fixed by the tribunal are from 8th to 10th January 2018 and continues on 5th to 6th February 2018.

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

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

## 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>6 months to 31/07/2017</u>	
	<b>Revenue</b> RM'000	<b>Operating profit/(loss)</b> RM'000
E&C	2,463,270	308,078
Drilling	663,965	(64,209)
E&P	356,254	46,963
	<u>3,483,489</u>	<u>290,832</u>
Corporate expenses and eliminations	(57,710)	(152,689)
<b>Group revenue / profit before taxation</b>	<b><u>3,425,779</u></b>	<b><u>138,143</u></b>

## 17. Review of performance

### 17.1 Current quarter vs. corresponding quarter of the preceding year

	<b>Revenue</b>		<b>Operating profit/(loss)</b>	
	<b>3 months to</b>		<b>3 months to</b>	
	<b>31/07/2017</b>	<b>31/07/2016</b>	<b>31/07/2017</b>	<b>31/07/2016</b>
	RM'000	RM'000	RM'000	RM'000
<b>Business Segments:</b>				
E&C	1,261,111	796,698	126,651	120,055
Drilling	278,574	537,724	(85,010)	50,252
E&P	161,982	353,270	22,381	52,609
	<u>1,701,667</u>	<u>1,687,692</u>	<u>64,022</u>	<u>222,916</u>
Corporate expenses and eliminations	(45,459)	(12,357)	(30,266)	(36,260)
<b>Group revenue/ profit before taxation</b>	<b><u>1,656,208</u></b>	<b><u>1,675,335</u></b>	<b><u>33,756</u></b>	<b><u>186,656</u></b>

### Group

The Group revenue of RM1,656.2 million was 1.1% lower than RM1,675.3 million in the corresponding quarter of the preceding year ("Q2 FY2017"), mainly attributable to the lower revenue from Drilling and Exploration and Production business segments.

The Group recorded profit before taxation of RM33.8 million, a decrease of RM152.9 million as compared to RM186.7 million in Q2 FY2017 due to the lower revenue from Drilling business segment and the financial impact arising from the cessation of the Berantai Risk Service Contract ("Berantai RSC") in Q2 FY2017.

The Group performance by business segments is further explained below.

## 17. Review of performance (cont'd.)

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

#### Business Segments:

##### Engineering and Construction

The segment recorded revenue of RM1,261.1 million, which was 58.3% higher than RM796.7 million in Q2 FY2017, in line with the higher activities during the current quarter.

The segment recorded profit before taxation for the current quarter of RM126.7 million, which was 5.5% higher than RM120.1 million in Q2 FY2017 due to the higher share of profit from associates and joint ventures.

##### Drilling

The segment revenue for the current quarter of RM278.6 million was 48.2% lower than RM537.7 million in Q2 FY2017, mainly due to the lower revenue from certain rigs which were off contract during the current quarter, compared to Q2 FY2017.

The segment loss before taxation in the current quarter is RM85.0 million. The financial performance was lower by RM135.3 million as compared to profit before taxation of RM50.3 million in Q2 FY2017, in line with the lower revenue.

##### Exploration and Production

The segment recorded revenue of RM162.0 million, which was RM191.3 million lower than RM353.3 million in Q2 FY2017. The decrease is due to the cessation of the Berantai RSC in Q2 FY2017 and lower barrels of oil lifted in the current quarter compared to Q2 FY2017, offset by the effect of the higher average realised oil price achieved.

The segment recorded profit before taxation of RM22.4 million which was lower by RM30.2 million compared to RM52.6 million in Q2 FY2017, mainly due to the cessation of the Berantai RSC in Q2 FY2017 and lower barrels of oil lifted in the current quarter compared to Q2 FY2017 as a result of natural decline of oil reserves in the Production Sharing Contracts ("PSC") blocks. The decrease is offset by the higher average realised oil price achieved and lower operating expenditure incurred.

## 17. Review of performance (cont'd.)

### 17.2 Current period vs. corresponding period of the preceding year

	Revenue		Operating profit/(loss)	
	6 months to		6 months to	
	31/07/2017	31/07/2016	31/07/2017	31/07/2016
	RM'000	RM'000	RM'000	RM'000
<b>Business Segments:</b>				
E&C	2,463,270	1,821,054	308,078	198,646
Drilling	663,965	1,161,013	(64,209)	201,890
E&P	356,254	650,412	46,963	53,988
	<u>3,483,489</u>	<u>3,632,479</u>	<u>290,832</u>	<u>454,524</u>
Corporate expenses and eliminations	<u>(57,710)</u>	<u>(15,700)</u>	<u>(152,689)</u>	<u>(143,250)</u>
<b>Group revenue/ profit before taxation</b>	<b><u>3,425,779</u></b>	<b><u>3,616,779</u></b>	<b><u>138,143</u></b>	<b><u>311,274</u></b>

#### Group

The Group revenue of RM3,425.8 million was 5.3% lower than RM3,616.8 million in the corresponding period of the preceding year ("corresponding period"), mainly attributable to the lower revenue from Drilling and Exploration and Production business segments.

The Group profit before taxation of RM138.1 million was RM173.2 million lower than RM311.3 million in the corresponding period, in line with the lower revenue from Drilling business segment and the financial impact arising from the cessation of the Berantai RSC in the corresponding period.

#### Business Segments:

##### Engineering and Construction

The segment revenue for the current period of RM2,463.3 million was 35.3% higher compared to the corresponding period in line with higher activities during the current period.

The segment profit before taxation of RM308.1 million was 55.1% higher than the corresponding period, in line with the higher revenue and higher share of profit from associates and joint ventures.

##### Drilling

The segment revenue for the current period of RM664.0 million was lower by 42.8% compared to the corresponding period, mainly due to certain rigs which were off contract during the current period.

The segment recorded loss before taxation of RM64.2 million which was RM266.1 million lower than profit before taxation RM201.9 million in the corresponding period in line with the lower revenue in the current period.

## 17. Review of performance (cont'd.)

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

#### Business Segments: (cont'd.)

##### Exploration and Production

The segment revenue for the current period of RM356.3 million was 45.2% lower compared to the corresponding period, mainly due to the cessation of the Berantai RSC in Q2 FY2017 and lower barrels of oil lifted in the current year, offset by the effect of the higher average realised oil price achieved.

The segment profit before taxation of RM47.0 million was RM7.0 million lower than the corresponding period. The decrease is mainly due to the cessation of the Berantai RSC in Q2 FY2017 and lower barrels of oil lifted in the current period compared to the corresponding period. The decrease is offset by the higher average realised oil price achieved and lower operating expenditure incurred.

## 18. Review of performance as compared to the immediate preceding quarter

Group revenue of RM1,656.2 million was 6.4% lower than the immediate preceding quarter ("Q1 FY2018") of RM1,769.6 million, primarily due to the lower activities from the Drilling and Exploration and Production business segments.

The Group profit before taxation of RM33.8 million was RM70.6 million lower than RM104.4 million in Q1 FY2018, mainly due to the performance of the Drilling business segment.

## 19. (a) Commentary on prospects

Industry condition continues to be challenging in the current financial year. Whilst oil prices have stabilised, the Group remains cautious on the outlook of recovery in the industry's capital spending in the near term.

The Group has seen an increase in tendering and bidding activities across key geographies in recent months. To enhance its competitiveness in replenishing the order book, the Group is focused on strengthening its position in existing markets and expanding into new markets, re-basing costs and improving operational efficiency.

In addition, for the E&P segment, the development of SK310 B15 is on track and expected to begin its first gas production in the third quarter of the current financial year and provide long-term visibility on production.

The Board anticipates the challenging environment to persist, however, the Board is confident that the Group's strategic and operational plans that have been put in place will mitigate the impact and improve the position of the Group in the longer term.

## (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

Basic/Diluted	Individual Quarter		Cumulative Quarter	
	3 months to 31/07/2017	31/07/2016	6 months to 31/07/2017	31/07/2016
Profit attributable to owners of the Parent (RM'000)	28,927	112,266	56,461	222,576
Weighted average number of ordinary shares in issue ('000)	5,942,408	5,932,676	5,952,580	5,952,236
Basic/diluted earnings per share (sen)	0.49	1.89	0.95	3.74

### By Order of the Board

Izzam bin Ibrahim (LS 0008731)  
Lew Sue Li (MIA 42700)  
Group Company Secretaries

Seri Kembangan, Selangor Darul Ehsan  
27 September 2017