

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2017

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	Unaudited Current year quarter 3 Months 30.09.2017 RM'000	Unaudited Preceding year quarter 3 Months 30.09.2016 RM'000	Unaudited Current year to date 9 Months 30.09.2017 RM'000	Unaudited Preceding year to date 9 Months 30.09.2016 RM'000
Revenue	102,785	167,194	232,257	407,458
Cost of sales	(139,649)	(149,117)	(313,215)	(334,038)
Gross (loss)/profit	(36,864)	18,077	(80,958)	73,420
Other income	719	902	2,795	2,806
Administrative and other expenses	(16,439)	(12,037)	(53,322)	(50,487)
Finance costs	(4,077)	(4,441)	(10,187)	(12,102)
(Loss)/Profit before taxation	(56,661)	2,501	(141,672)	13,637
Income tax credit/(expense)	497	(552)	(1,224)	(3,225)
(Loss)/Profit after taxation	(56,164)	1,949	(142,896)	10,412
Other comprehensive income				
Foreign currency translation	(596)	(7,529)	(2,887)	10,509
Other comprehensive (expenses)/income for the period	(596)	(7,529)	(2,887)	10,509
Total comprehensive (expenses)/income	(56,760)	(5,580)	(145,783)	20,921
(Loss)/Profit after tax attributable to:				
- Owners of the Company	(56,160)	1,967	(142,871)	10,450
- Non-controlling interests	(4)	(18)	(25)	(38)
	(56,164)	1,949	(142,896)	10,412
Total comprehensive (expenses)/income attributable to:				
- Owners of the Company	(56,757)	(5,561)	(145,762)	20,959
- Non-controlling interests	(3)	(19)	(21)	(38)
	(56,760)	(5,580)	(145,783)	20,921
Basic weighted average no. of ordinary shares ('000)	825,478	824,830	825,478	824,830
Earnings per share (sen):				
- Basic	(6.80)	0.24	(17.31)	1.27
- Diluted	(6.53)	0.23	(16.62)	1.23

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 ("FYE 2016") and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30
SEPTEMBER 2017

	Unaudited As at 30.09.2017 RM'000	Audited As at 31.12.2016 RM'000
ASSETS		
NON-CURRENT ASSET		
Property, plant and equipment	361,418	400,649
CURRENT ASSETS		
Inventories	9,561	10,479
Trade receivables	94,790	128,282
Other receivables, deposits and prepayments	21,739	9,721
Current tax assets	42,309	49,593
Short-term investments	135	2,775
Fixed deposits with licensed banks	117,996	115,988
Cash and bank balances	23,248	101,701
	309,778	418,539
TOTAL ASSETS	671,196	819,188
EQUITY AND LIABILITIES		
EQUITY		
Share capital	165,141	165,033
Share premium	64,070	64,070
Merger deficit	(71,909)	(71,909)
Employees' share option reserves	6,680	6,680
Redeemable convertible unsecured loan stocks ("RCULS")	583	610
Foreign exchange translation reserves	11,676	14,567
Retained profits	101,745	244,616
Equity attributable to owners of the Company	277,986	423,667
Non-controlling interest	(52)	(31)
TOTAL EQUITY	277,934	423,636

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30
SEPTEMBER 2017 (CONT'D)

	Unaudited As at 30.09.2017 RM'000	Audited As at 31.12.2016 RM'000
NON-CURRENT LIABILITIES		
Deferred tax liabilities	594	641
Long-term borrowings	158,074	167,630
RCULS	1,821	1,719
	<hr/> 160,489	<hr/> 169,990
CURRENT LIABILITIES		
Trade payables	120,096	130,564
Other payables and accruals	7,887	7,757
Amount due to a director	18	-
Current tax liabilities	2	23
Short-term borrowings	92,256	86,052
Bank overdrafts	12,514	1,166
	<hr/> 232,773	<hr/> 225,562
TOTAL LIABILITIES	<hr/> 393,262	<hr/> 395,552
TOTAL EQUITY AND LIABILITIES	<hr/> 671,196	<hr/> 819,188
Net asset per share (sen)	<hr/> 33.67	<hr/> 51.36

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the FYE 2016 and the accompanying explanatory notes attached to these interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD (3RD)
QUARTER ENDED 30 SEPTEMBER 2017

	Unaudited Current year to date 9 Months 30.09.2017 RM'000	Unaudited Preceding year to date 9 Months 30.09.2016 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(141,672)	13,637
Adjustments for:-		
Depreciation of property, plant and equipment	21,434	16,036
Interest expense	10,095	11,986
Interest income	(2,412)	(2,453)
Unrealised loss on foreign exchange	5,143	41
Write back of impairment loss on receivables on longer required	(37)	-
Gain on disposal of property, plant and equipment	(4)	-
Impairment loss on goodwill	20	-
Property, plant and equipment written off	-	496
Share options to employees	-	1,739
	<hr/>	<hr/>
Operating (loss)/profit before working capital changes	(107,433)	41,482
Decrease/(Increase) in inventories	918	(5,661)
Decrease in trade and other receivables	21,475	33,413
Decrease in trade and other payables	(8,678)	(54,177)
	<hr/>	<hr/>
CASH (FOR)/FROM OPERATIONS	(93,718)	15,057
Interest paid	(9,916)	(11,848)
Interest received	2,412	2,453
Net income tax refund/(paid)	5,996	(18,386)
	<hr/>	<hr/>
NET CASH FOR OPERATING ACTIVITIES	(95,226)	(12,724)
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,519)	(23,411)
Change in pledged fixed deposits	167	(19,194)
Acquisition of subsidiaries, net of cash and cash equivalents	1	-
	<hr/>	<hr/>
NET CASH FOR INVESTING ACTIVITIES	(2,351)	(42,605)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Repayment of hire purchase obligations	(293)	(280)
Drawdown of trust receipts	92,239	172,691
Repayment of term loans	(14,252)	(19,152)
Repayment of trust receipts	(70,026)	(173,725)
Proceeds from exercise of employees' share option	-	25
	<hr/>	<hr/>
NET CASH FOR FINANCING ACTIVITIES	7,668	(20,441)
NET DECREASE OF CASH AND CASH EQUIVALENTS	(89,909)	(75,770)
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	(357)	3,153
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	107,403	99,084
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CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	17,137	26,467
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD (3RD)
QUARTER ENDED 30 SEPTEMBER 2017 (CONT'D)

	Unaudited Current year to date 9 Months 30.09.2017 RM'000	Unaudited Preceding year to date 9 Months 30.09.2016 RM'000
Cash and cash equivalents comprise the following:		
- Short-term investments	135	1,261
- Fixed deposits with licensed banks	117,996	110,542
- Cash and bank balances	23,248	34,941
- Bank overdrafts	(12,514)	(15,180)
	<hr/>	<hr/>
	128,865	131,564
Less: Fixed deposits pledged to licensed banks	(111,728)	(105,097)
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	17,137	26,467
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The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the FYE 2016 and the accompanying explanatory notes attached to these interim financial statements.

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**BARAKAH OFFSHORE PETROLEUM BERHAD
(980542-H)**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2017

	----- Attributable to owners of the Company -----									
	-----Non-distributable-----					Distributable				
Unaudited	Share Capital RM'000	Share Premium RM'000	Merger Deficit RM'000	Employees' Share Option Reserve RM'000	RCULS RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000	Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
Balance as at 01.01.2017	165,033	64,070	(71,909)	6,680	610	14,567	244,616	423,667	(31)	423,636
Loss after taxation	-	-	-	-	-	-	(142,871)	(142,871)	(25)	(142,896)
Other comprehensive expenses for the financial period, net of taxation:										
- Foreign currency translation	-	-	-	-	-	(2,891)	-	(2,891)	4	(2,887)
Total comprehensive expenses	-	-	-	-	-	(2,891)	(142,871)	(145,762)	(21)	(145,783)
Contributions by owners of the Company:										
Issuance of shares pursuant to conversion of RCULS	108	-	-	-	(27)	-	-	81	-	81
Total transactions with owners	108	-	-	-	(27)	-	-	81	-	81
Balance as at 30.09.2017	165,141	64,070	(71,909)	6,680	583	11,676	101,745	277,986	(52)	277,934

**BARAKAH OFFSHORE PETROLEUM BERHAD
(980542-H)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2017
(CONT'D)**

	----- Attributable to owners of the Company -----									
	-----Non-distributable-----					Distributable				
Unaudited	Share Capital RM'000	Share Premium RM'000	Merger Deficit RM'000	Employees' Share Option Reserve RM'000	RCULS RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000	Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
Balance as at 01.01.2016	164,879	64,014	(71,909)	5,350	653	(79,853)	229,687	312,821	(3)	312,818
Profit after taxation	-	-	-	-	-	-	10,450	10,450	(38)	10,412
Other comprehensive expenses for the financial period, net of taxation:										
- Foreign currency translation	-	-	-	-	-	10,509	-	10,509	-	10,509
Total comprehensive income	-	-	-	-	-	10,509	10,450	20,959	(38)	20,921
Contributions by owners of the Company:										
Issuance of shares pursuant to conversion of RCULS	130	14	-	-	(38)	-	-	106	-	106
Employees' share option:										
- Exercised	6	33	-	(14)	-	-	-	25	-	25
- Granted	-	-	-	1,739	-	-	-	1,739	-	1,739
Total transactions with owners	136	47	-	1,725	(38)	-	-	1,870	-	1,870
Balance as at 30.09.2016	165,015	64,061	(71,909)	7,075	615	(69,344)	240,137	335,650	(41)	335,609

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the FYE 2016 and the accompanying explanatory notes attached to these interim financial statements.

QUARTERLY REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2017

A: EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134

A1. Accounting policies and methods of computation

The interim financial statements are unaudited and have been prepared in accordance with the MFRS 134: Interim Financial Reporting, Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”).

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2016.

During the current financial period, the Company and its subsidiary companies (“Group”) have adopted the following new accounting standards and interpretations (including the consequential amendments):-

Amendments to MFRS 107: Disclosure Initiative

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

Annual Improvements to MFRS Standards 2014 – 2016 Cycles:

- Amendments to MFRS 12: Clarification of the Scope of Standard

The adoption of the above standards and interpretations will not have any material impact on the financial position and performance of the Group.

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:-

MFRSs and IC Interpretations (Including The Consequential Amendments)

	Effective Date
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers and the Amendments to MFRS 15: Effective Date of MFRS 15 and Clarifications to MFRS 15 “Revenue from Contracts with Customers”	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between Investor and its Associate or Joint Venture	Deferred until further notice
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

A2. Auditors’ Report of preceding annual financial statements

The auditors’ report on the financial statements of the Group for the financial year ended 31 December 2016 was not subject to any qualification.

QUARTERLY REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2017

A: EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134

A3. Seasonal or cyclical factors

The Group’s operations were not significantly affected by any seasonal or cyclical factor during the current quarter and financial year-to-date.

A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no significant unusual items affecting assets, liabilities, equity, net income or cash flows for the Group during the current quarter and financial year-to-date other than the following:-

- the impairment loss on goodwill of RM19,951 arising from the acquisition of PBJV Asset Management Sdn. Bhd. (“PAMSB”) and PBJV Energy Sdn. Bhd. (“PESB”).

A5. Material changes in estimates

There were no material changes in estimates in the current quarter and current financial year-to-date.

A6. Debt and equity securities

There were no issuances, cancellation, repurchase, resale or repayment of debt or equity securities in the current quarter except for the following:-

- Share Capital

	No. of Ordinary Shares ('000)	RM'000
Share capital – issued and fully paid up as at 01.07.2017	825,555	165,121
Conversion of RCULS	84	20
Share capital as at 30.09.2017	<u>825,639</u>	<u>165,141</u>

A7. Dividends paid

There were no dividends paid or declared for the current quarter and financial year-to-date.

A8. Segmental information

No segmental information is provided as the Group is primarily involved in the oil and gas industry (one business segment) and the Group’s activities are primarily predominantly in Malaysia. The overseas segment account for less than 10% of the consolidated revenue and assets.

QUARTERLY REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2017

A: EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134

A9. Revenue

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 3 Months 30.09.2017 RM'000	Unaudited Preceding year quarter 3 Months 30.09.2016 RM'000	Unaudited Current year to date 9 Months 30.09.2017 RM'000	Unaudited Preceding year to date 9 Months 30.09.2016 RM'000
Pipeline and commissioning services; and (“PCS”)	27,216	18,861	89,967	96,114
Installation and construction services (“ICS”)	75,569	148,333	142,290	311,344
	102,785	167,194	232,257	407,458

The Group's revenue are generated solely from non-related parties and as such, the total trade receivables as at the end of the financial period are from non-related parties. The Group's average credit terms granted to trade receivables range from 60 to 90 days (2016 - 60 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

A10. Valuation of property, plant and equipment

The Group has not carried out any valuation on its property, plant and equipment in the current quarter and financial year-to-date.

A11. Capital commitments

	As at 30.09.2017 RM'000
Property, plant and equipment:-	
Approved and contracted for	1,689

A12. Changes in the composition of the Group

On 8 June 2017, the Company announced that the Company and its wholly owned subsidiary had acquired ordinary shares in the following companies, making them wholly owned subsidiaries of the Company (“Acquisitions”):-

- Barakah Offshore Energy Sdn. Bhd. (“BOESB”)

BOESB was incorporated as a private limited company in Malaysia on 26 January 2017 with an issued and paid up share capital of RM2.00 comprising two (2) ordinary shares. The two (2) subscribers' shares were held by the Company and Nik Hamdan bin Daud. The Company acquired one (1) ordinary share from Nik Hamdan bin Daud for a consideration of RM1.00.

QUARTERLY REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2017

A: EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134

A12. Changes in the composition of the Group (Cont’d)

- Barakah Offshore Energy Sdn. Bhd. (“BOESB”) (Cont’d)

BOESB is currently dormant. The intended principal activities are investment in oil and gas ventures, development and production of hydrocarbon, operation and maintenance of oil and gas facilities and related services.

Nik Hamdan bin Daud is a director and also a major shareholder of the Company.

- Barakah Onshore Ventures Sdn. Bhd. (“BOVSB”)

BOVSB was incorporated as a private limited company in Malaysia on 3 March 2017 with an issued and paid up share capital of RM2.00 comprising two (2) ordinary shares. The two (2) subscribers’ shares were held by Nik Hamdan bin Daud and Rasdee bin Abdullah (“Subscribers”). The Company acquired two (2) ordinary shares from the Subscribers for a total consideration of RM2.00.

BOVSB is currently dormant. The intended principal activities are investment in oil and gas ventures, development and production of hydrocarbon, operation and maintenance of oil and gas facilities.

Rasdee bin Abdullah is a director of the Company.

- PBJV Asset Management Sdn. Bhd. (“PAMSB”)

PAMSB was incorporated as a private limited company in Malaysia on 31 May 2015 with an issued and paid up share capital of RM2.00 comprising two (2) ordinary shares. The two (2) subscribers’ shares were held by the Subscribers. The Company acquired two (2) ordinary shares from the Subscribers for a total consideration of RM2.00.

PAMSB is currently dormant. The intended principal activities of PAMSB are investment holding, investment in offshore support vessels and equipment, and operation and maintenance of offshore support vessels and equipment mainly for the oil and gas industry.

- PBJV Energy Sdn. Bhd. (“PESB”)

PESB was incorporated as a private limited company in Malaysia on 30 March 2015 with an issued and paid up share capital of RM2.00 comprising two (2) ordinary shares. The two (2) subscribers’ shares were held by the Subscribers. BOESB acquired two (2) ordinary shares from the Subscribers for a total consideration of RM2.00.

PESB is currently dormant. The intended principal activities of PESB are investment holding, investment in upstream oil and gas assets and energy related assets, exploration, development and production of hydrocarbon and operation and maintenance of oil and gas production facilities and related services.

The subscriber shares of the above four (4) companies were originally issued to and held by the director(s) to merely facilitate the incorporation of the above companies prior to being transferred to the Group. The above four (4) companies have yet to commence business operation and are set-up as vehicles for future business expansion of the Group.

The Acquisitions does not have any material effect on the net assets, earnings and gearing of the Group.

There were no other material changes in the composition of the Group for the current quarter and financial year-to-date except for those disclosed as above.

QUARTERLY REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2017

A: EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134

A13. Contingent liabilities and contingent assets

The contingent liabilities of the Group comprise of the following:-

	As at 30.09.2017 RM’000
<u>Unsecured</u>	
Bank guarantees extended to clients	113,252

There are no contingent assets as at the date of this report.

A14. Material events subsequent to the end of the quarter

There are no material events subsequent to the end of the current quarter up to the date of this report that have not been reflected in the financial statements for the current quarter and financial year-to-date.

A15. Significant related party transactions

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 3 Months 30.09.2017 RM’000	Unaudited Preceding year quarter 3 Months 30.09.2016 RM’000	Unaudited Current year to date 9 Months 30.09.2017 RM’000	Unaudited Preceding year to date 9 Months 30.09.2016 RM’000
Company in which certain Directors have interest				
Purchases paid/payable	597	573	1,752	2,283
Installation and construction services received/receivable	(16,555)	-	(16,555)	-
Donations *	130	150	430	450

* As part of the Group’s Corporate Social Responsibility program, monthly donations are made to an orphanage home managed by Yayasan Amal Kasih Harmoni (“YAKH”) known as Rumah Kasih Harmoni, which is located in Paya Jaras, Selangor and currently houses 102 children from preschool to secondary school.

The donation is a related party transaction (“RPT”) by virtue of:

- i) Common directorships held by Nik Hamdan bin Daud in the Company and YAKH. Nik Hamdan bin Daud is also a major shareholder of the Company; and
- ii) Haniza binti Jaffar, a director of YAKH who is also a key management of the Group.

A16. Impairment of property, plant and equipment

There were no impairment loss recognised during the current quarter and current financial year-to-date.

QUARTERLY REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2017

B: ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)

B1. Review of performance

	----- Individual Quarter -----				----- Cumulative Quarter -----			
	Current year quarter 3 Months 30.09.2017 RM'000	Preceding year quarter 3 Months 30.09.2016 RM'000	Variance		Current year to date 9 Months 30.09.2017 RM'000	Preceding year to date 9 Months 30.09.2016 RM'000	Variance	
			RM'000	%			RM'000	%
Revenue	102,785	167,194	(64,409)	(39%)	232,257	407,458	(175,201)	(43%)
EBITDA ^	(46,098)	11,607	(57,705)	(497%)	(112,555)	40,945	(153,500)	(375%)
(Loss)/Profit before taxation	(56,661)	2,501	(59,162)	(2,366%)	(141,672)	13,637	(155,309)	(1,139%)
(Loss)/Profit after taxation	(56,164)	1,949	(58,113)	(2,982%)	(142,896)	10,412	(153,308)	(1,472%)
(Loss)/Profit after taxation attributable to owners of the Company	<u>(56,160)</u>	<u>1,967</u>	<u>(58,127)</u>	<u>(2,955%)</u>	<u>(142,871)</u>	<u>10,450</u>	<u>(153,321)</u>	<u>(1,467%)</u>

Note:-

^ - EBITDA refers to earnings before interest, taxation, depreciation, amortisation and share options to employees.

During the current financial period ended 30 September 2017, the Group reported a total revenue of RM232.26 million and a loss before taxation of RM141.67 million, out of which total revenue of RM102.78 million and loss before taxation of RM56.66 million were generated during the current quarter. This is a reduction of RM64.41 million in revenue generated and a reduction of RM59.16 million in loss before taxation generated during the current quarter compared to the corresponding quarter of the preceding year.

The decrease in revenue was mainly due to the lower revenue generated by the Installation and Construction Services.

	----- Individual Quarter -----				----- Cumulative Quarter -----			
	Current year quarter 3 Months 30.09.2017 RM'000	Preceding year quarter 3 Months 30.09.2016 RM'000	Variance		Current year to date 9 Months 30.09.2017 RM'000	Preceding year to date 9 Months 30.09.2016 RM'000	Variance	
			RM'000	%			RM'000	%
PCS	27,216	18,861	8,355	44%	89,967	96,114	(6,147)	(6%)
ICS	75,569	148,333	(72,764)	(49%)	142,290	311,344	(169,054)	(54%)
	<u>102,785</u>	<u>167,194</u>	<u>(64,409)</u>	<u>(39%)</u>	<u>232,257</u>	<u>407,458</u>	<u>(175,201)</u>	<u>(43%)</u>

QUARTERLY REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2017

B: ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)

B1. Review of performance (Cont'd)

Pipeline and commissioning services ("PCS")

During the current financial period ended 30 September 2017, PCS generated a total of RM89.97 million, out of which RM27.22 million was generated during the current quarter. This is an increase of 44% from the corresponding quarter of the preceding year, which was attributed to the ongoing progress of several Hook-up Commissioning and Maintenance works which were brought forward from the previous year.

Installation and construction services ("ICS")

ICS saw a decrease of 49% in the revenue generated during the current quarter of RM75.57 million compared to RM148.33 million from the corresponding quarter of the preceding year. This was mainly due to the lower contract value of the on-going Transportation and Installation ("T&I") projects executed during the current quarter compared to those projects that were executed in the corresponding quarter of the preceding year.

B2. Comparison with immediate preceding quarter's results

	Current year quarter 3 Months 30.09.2017 RM'000	Immediate preceding quarter 3 Months 30.06.2017 RM'000	Variance	
			RM'000	%
Revenue	102,785	52,630	50,155	95%
EBITDA [^]	(46,098)	(73,589)	27,491	37%
Loss before taxation	(56,661)	(81,866)	25,205	31%
Loss after taxation	(56,164)	(82,121)	25,957	32%
(Loss) after taxation attributable to owners of the Company	<u>(56,160)</u>	<u>(82,113)</u>	25,953	32%

Note:-

[^] - EBITDA refers to earnings before interest, taxation, depreciation, amortisation and share options to employees.

The Group reported a higher revenue by 95% and a lower loss before taxation by 31% in the current quarter ended 30 September 2017 compared to that of the immediate preceding quarter. The increase in revenue was mainly due to the higher certification of work done/milestone claim for four (4) projects under ICS; two (2) from Procurement, Construction & Commissioning ("PCC") services and one (1) each from the T&I and Ship Management services. Whereas the decrease in the loss before taxation was mainly due to the cost that was recognised in the immediate preceding quarter for two (2) projects under the PCC services for which the revenue was only recognised in the current quarter.

QUARTERLY REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2017

B: ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)

B3. Commentary on prospects

The outlook for the oil and gas industry continues to be challenging, despite Brent crude oil price exceeding USD60 per barrel, as the major oil and gas players domestically continues to operate with a lower capital and operational expenditure. Hence, the Group is expected to endure slow business outlook for the remaining quarter of the financial year 2017 due to the continued low number of project rollouts by the major oil and gas players domestically, especially under the T&I services.

As at 22 November 2017, the Group's outstanding order book stands at RM357.57 million. Nevertheless, the Group has increased bids for new projects and will continue to pursue new opportunities more aggressively, while continuing with steps to improve on operational efficiency.

B4. Variance of actual profit from forecast profit

The Group has not announced or disclosed any profit forecast or profit guarantee in any public documents.

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B: ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF
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B5. Profit before taxation

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	Unaudited Current year quarter 3 Months 30.09.2017 RM'000	Unaudited Preceding year quarter 3 Months 30.09.2016 RM'000	Unaudited Current year to date 9 Months 30.09.2017 RM'000	Unaudited Preceding year to date 9 Months 30.09.2016 RM'000
Profit before taxation is arrived at after charging/ (crediting):-				
Interest income on financial assets not at fair value through profit or loss:				
- fixed deposits with licensed banks	(611)	(590)	(2,063)	(2,249)
- cash and bank balances	(81)	(123)	(349)	(204)
Interest expense on financial liabilities not at fair value through profit or loss:				
- bank overdraft	270	325	592	654
- hire purchase	10	14	33	46
- term loans	2,886	2,222	7,175	6,836
- RCULS	110	62	244	195
- bank guarantee/trust receipts	929	1,871	2,051	4,255
Depreciation of property, plant and equipment	7,050	5,325	21,434	16,036
Realised loss/(gain) on foreign exchange	71	456	1,958	2,344
Unrealised loss/(gain) on foreign exchange	1,682	(4,210)	5,143	41
Share option expenses	-	-	-	1,739
Write back of impairment loss on receivables on longer required	-	-	(37)	-
Gain on disposal of plant and equipment	(4)	-	(4)	-
Plant and equipment written off	-	496	-	496
Impairment loss on goodwill	20	-	20	-

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B: ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)

B5. Profit before taxation (Cont'd)

Except for those disclosed above, there were:-

- a) no provision for or write off of receivables or inventories; and
- b) no gain or loss on disposal of unquoted investments.

B6. Income tax (credit)/expense

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	Unaudited Current year quarter 3 Months 30.09.2017 RM'000	Unaudited Preceding year quarter 3 Months 30.09.2016 RM'000	Unaudited Current year to date 9 Months 30.09.2017 RM'000	Unaudited Preceding year to date 9 Months 30.09.2016 RM'000
Current tax:				
- for the current period	(384)	504	1,361	3,201
- under/(over) provision in the previous financial year	(94)	58	(94)	58
	<u>(478)</u>	<u>562</u>	<u>1,267</u>	<u>3,259</u>
Deferred tax expense				
- for the current period	(19)	(10)	(43)	(34)
	<u>(19)</u>	<u>(10)</u>	<u>(43)</u>	<u>(34)</u>
	<u>(497)</u>	<u>552</u>	<u>1,224</u>	<u>3,225</u>

Despite the Group's consolidated losses for the current financial period ended 30 September 2017, the Group still incurs income tax expense of RM1.22 million as a couple of companies within the Group were profitable and as such are in a tax payable position.

B7. Status of corporate proposals

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

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B: ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)

B8. Group borrowings

The details of the Group's borrowings are as follows:-

Unaudited	Short term		Long term		Total borrowings	
	Foreign currency (‘000)	RM (‘000)	Foreign currency (‘000)	RM (‘000)	Foreign currency (‘000)	RM (‘000)
As at 30 September 2017						
Secured:-						
- Term loans (RM)	-	173	-	1,121	-	1,294
- Term loan (USD) ^	5,660	23,928	36,969	156,285	42,629	180,213
- Hire purchase (RM)	-	100	-	668	-	768
- Trust receipt (RM)	-	68,055	-	-	-	68,055
- Bank overdrafts (RM)	-	12,514	-	-	-	12,514
		<u>104,770</u>		<u>158,074</u>		<u>262,844</u>

Unaudited	Short term		Long term		Total borrowings	
	Foreign currency (‘000)	RM (‘000)	Foreign currency (‘000)	RM (‘000)	Foreign currency (‘000)	RM (‘000)
As at 30 September 2016						
Secured:-						
- Term loans (RM)	-	156	-	1,777	-	1,933
- Term loan (USD) *	1,290	5,348	45,682	189,374	46,972	194,722
- Hire purchase (RM)	-	95	-	1,061	-	1,156
- Trust receipt (RM)	-	33,922	-	-	-	33,922
- Bank overdrafts (RM)	-	15,180	-	-	-	15,180
		<u>54,701</u>		<u>192,212</u>		<u>246,913</u>

Notes:-

^ - Converted at exchange rate of 4.2275 as at 30 September 2017.

* - Converted at exchange rate of 4.1455 as at 30 September 2016.

All the borrowings' interest rate are based on floating interest rates except for the hire purchase which are based on fixed interest rates.

The trust receipt and bank overdrafts are mainly used to finance the Group's projects working capital purposes.

The term loan denominated in foreign currency was taken by a foreign subsidiary (Labuan subsidiary) which its functional and presentation currency is in United States Dollar ("USD"). Currently, the Group does not have any hedging policy for its financing denominated in foreign currency. However, the foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

QUARTERLY REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2017

B: ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)

B9. Material litigation

There were no material litigations pending as at the date of this announcement.

B10. Dividends

No dividend was declared or recommended for payment by the Company for the current quarter under review.

B11. Earnings per share

(a) Basic earnings per share

The basic earnings per share for the current quarter and for the financial year-to-date is computed by dividing the profit after taxation attributable to the owners of the Company by the weighted average number of ordinary shares in issue for the financial period.

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	Unaudited Current year quarter 3 Months 30.09.2017	Unaudited Preceding year quarter 3 Months 30.09.2016	Unaudited Current year to date 9 Months 30.09.2017	Unaudited Preceding year to date 9 Months 30.09.2016
(Loss)/Profit attributable to the owners of the Company (RM'000)	(56,160)	1,967	(142,871)	10,450
Weighted average number of ordinary shares in issue ('000)	825,478	824,830	825,478	824,830
Basic earnings per share (sen)	(6.80)	0.24	(17.31)	1.27

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B: ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)

B11. Earnings per share (Cont'd)

(b) Diluted earnings per share

The diluted earnings per share for the current quarter and for the financial year-to-date is arrived at by adjusting for the dilutive effects of all potential ordinary shares, such as the share options granted to employees and the RCULS issued, on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue for the financial period.

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	Unaudited Current year quarter 3 Months 30.09.2017	Unaudited Preceding year quarter 3 Months 30.09.2016	Unaudited Current year to date 9 Months 30.09.2017	Unaudited Preceding year to date 9 Months 30.09.2016
(Loss)/Profit attributable to the owners of the Company (RM'000)	(56,160)	1,967	(142,871)	10,450
Weighted average number of ordinary shares in issue ('000) (Basic)	825,478	824,830	825,478	824,830
Effect of dilution from share options granted to employees ('000)	24,253	17,061	24,253	17,061
Effect of conversion of RCULS ('000)	10,104	10,713	10,104	10,713
	859,835	852,604	859,835	852,604
Diluted earnings per share (sen)	(6.53)	0.23	(16.62)	1.23

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QUARTERLY REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2017

B: ADDITIONAL INFORMATION REQUIRED BY MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA (PURSUANT TO PARA 9.22 AND PART A OF APPENDIX 9B)

B12. Disclosure of realised and unrealised profits/(loss)

The breakdown of the retained profits of the Group as at the current financial quarter and the preceding financial year into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on 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, as issued by the Malaysian Institute of Accountants, as follows:-

	Unaudited	Audited
	As at	As at
	30.09.2017	31.12.2016
	RM'000	RM'000
Total retained profits of the Group		
- Realised	121,772	258,409
- Unrealised	(593)	6,675
	<hr/>	<hr/>
	121,179	265,084
Add: Consolidated adjustments	(19,434)	(20,468)
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	101,745	244,616
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