

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2018

	Note	--- Individual Quarter ---		--- Cumulative Quarter ---	
		Unaudited Current year quarter 3 Months 31.03.2018 RM'000	Unaudited Preceding year quarter 3 Months 31.03.2017 RM'000	Unaudited Current year to date 3 Months 31.03.2018 RM'000	Unaudited Preceding year to date 3 Months 31.03.2017 RM'000
Revenue	A9	19,381	76,842	19,381	76,842
Cost of sales		(17,359)	(59,896)	(17,359)	(59,896)
Gross profit		2,022	16,946	2,022	16,946
Other income		972	2,072	972	2,072
Administrative and other expenses		(19,574)	(18,622)	(19,574)	(18,622)
Finance costs		(3,232)	(3,541)	(3,232)	(3,541)
Loss before taxation	B5	(19,812)	(3,145)	(19,812)	(3,145)
Income tax expense	B6	(115)	(1,466)	(115)	(1,466)
Loss after taxation		(19,927)	(4,611)	(19,927)	(4,611)
Other comprehensive income					
Foreign currency translation		2,275	(790)	2,275	(790)
Other comprehensive expenses for the period		2,275	(790)	2,275	(790)
Total comprehensive expenses		(17,652)	(5,401)	(17,652)	(5,401)
Loss after tax attributable to:					
- Owners of the Company		(19,927)	(4,598)	(19,927)	(4,598)
- Non-controlling interests		-	(13)	-	(13)
		(19,927)	(4,611)	(19,927)	(4,611)
Total comprehensive expenses attributable to:					
- Owners of the Company		(17,657)	(5,389)	(17,657)	(5,389)
- Non-controlling interests		5	(12)	5	(12)
		(17,652)	(5,401)	(17,652)	(5,401)
Basic weighted average no. of ordinary shares ('000)		826,405	825,193	826,405	825,193
Earnings per share (sen):					
- Basic	B11(a)	(2.41)	(0.56)	(2.41)	(0.56)
- Diluted	B11(b)	(2.32)	(0.53)	(2.32)	(0.53)

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 2017 ("FYE 2017") and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31  
MARCH 2018

	Note	Unaudited As at 31.03.2018 RM'000	Audited As at 31.12.2017 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSET</b>			
Property, plant and equipment		279,083	297,447
<b>CURRENT ASSETS</b>			
Inventories		5,540	5,154
Trade receivables		38,799	61,791
Other receivables, deposits and prepayments		7,356	12,041
Current tax assets		42,933	42,966
Short-term investments		138	136
Fixed deposits with licensed banks		94,627	102,709
Cash and bank balances		15,137	29,205
		204,530	254,002
<b>TOTAL ASSETS</b>		<b>483,613</b>	<b>551,449</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		165,329	165,329
Share premium		64,070	64,070
Merger deficit		(71,909)	(71,909)
Employees' share option reserves		6,407	6,407
Redeemable convertible unsecured loan stocks ("RCULS")		539	539
Foreign exchange translation reserves		12,964	10,694
Retained profits		1,264	28,185
		178,664	203,315
Equity attributable to owners of the Company		178,664	203,315
Non-controlling interest		(67)	(72)
<b>TOTAL EQUITY</b>		<b>178,597</b>	<b>203,243</b>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31  
MARCH 2018 (CONT'D)

	Note	Unaudited As at 31.03.2018 RM'000	Audited As at 31.12.2017 RM'000
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		34	50
Long-term borrowings	B8	161,130	169,442
RCULS		1,829	1,763
		<hr/>	<hr/>
		162,993	171,255
<b>CURRENT LIABILITIES</b>			
Trade payables		92,320	119,791
Other payables and accruals		3,911	2,970
Short-term borrowings	B8	28,913	38,529
Bank overdrafts	B8	16,879	15,661
		<hr/>	<hr/>
		142,023	176,951
<b>TOTAL LIABILITIES</b>		<hr/>	<hr/>
		305,016	348,206
<b>TOTAL EQUITY AND LIABILITIES</b>		<hr/>	<hr/>
		<b>483,613</b>	<b>551,449</b>
Net asset per share (sen)		<hr/>	<hr/>
		21.62	24.63

*The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the FYE 2017 and the accompanying explanatory notes attached to these interim financial statements.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST (1<sup>ST</sup>)  
QUARTER ENDED 31 MARCH 2018

	Unaudited Current year to date 3 Months 31.03.2018 RM'000	Unaudited Preceding year to date 3 Months 31.03.2017 RM'000
<b>CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(19,812)	(3,145)
Adjustments for:-		
Depreciation of property, plant and equipment	6,438	7,619
Interest expense	3,194	3,498
Interest income	(753)	(840)
Unrealised loss/(gain) on foreign exchange	6,065	(1,193)
Property, plant and equipment written off	321	-
	<hr/>	<hr/>
Operating (loss)/profit before working capital changes	(4,547)	5,939
Increase in inventories	(386)	(1,390)
Decrease in trade and other receivables	20,683	77,331
Decrease in trade and other payables	(26,530)	(52,955)
	<hr/>	<hr/>
CASH (FOR)/FROM OPERATIONS	(10,780)	28,925
Interest paid	(3,128)	(3,447)
Interest received	753	840
Net income tax paid	(98)	(2,853)
	<hr/>	<hr/>
<b>NET CASH (FOR)/FROM OPERATING ACTIVITIES</b>	<b>(13,253)</b>	<b>23,465</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(175)	(644)
Decrease in pledged fixed deposits with licensed banks	8,688	4,378
	<hr/>	<hr/>
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>8,513</b>	<b>3,734</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Repayment of hire purchase obligations	(73)	(97)
Drawdown of trust receipts	15,924	4,902
Repayment of term loans	(854)	(8,498)
Repayment of trust receipts	(24,472)	(45,842)
	<hr/>	<hr/>
<b>NET CASH FOR FINANCING ACTIVITIES</b>	<b>(9,475)</b>	<b>(49,535)</b>
<b>NET DECREASE OF CASH AND CASH EQUIVALENTS/BALANCE CARRIED FORWARD</b>	<b>(14,215)</b>	<b>(22,336)</b>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST (1<sup>ST</sup>)  
QUARTER ENDED 31 MARCH 2018 (CONT'D)

	Unaudited Current year to date 3 Months 31.03.2018 RM'000	Unaudited Preceding year to date 3 Months 31.03.2017 RM'000
NET DECREASE OF CASH AND CASH EQUIVALENTS/BALANCE BROUGHT FORWARD	(14,215)	(22,336)
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	(463)	3,177
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	17,475	107,403
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u>2,797</u>	<u>88,244</u>
Cash and cash equivalents comprise the following:		
- Short-term investments	138	2,793
- Fixed deposits with licensed banks	94,627	117,620
- Cash and bank balances	15,137	84,433
- Bank overdrafts	(16,879)	(9,085)
	<u>93,023</u>	<u>195,761</u>
Less: Fixed deposits pledged to licensed banks	(90,226)	(107,517)
	<u>2,797</u>	<u>88,244</u>

*The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the FYE 2017 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 FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2018**

	Note	Attributable to owners of the Company									Total Equity RM'000
		Non-distributable					Distributable				
Unaudited		Share Capital RM'000	(Note 1) 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	
Balance at 01.01.2018, as previously reported		165,329	64,070	(71,909)	6,407	539	10,694	28,185	203,315	(72)	203,243
- Effect of adoption of MFRS 9	A1	-	-	-	-	-	-	(6,994)	(6,994)	-	(6,994)
Balance at 01.01.2018 (Restated)		165,329	64,070	(71,909)	6,407	539	10,694	21,191	196,321	(72)	196,249
Loss after taxation		-	-	-	-	-	-	(19,927)	(19,927)	-	(19,927)
Other comprehensive expenses for the financial year, net of taxation:											
- Foreign currency translation		-	-	-	-	-	2,270	-	2,270	5	2,275
Total comprehensive expenses		-	-	-	-	-	2,270	(19,927)	(17,657)	5	(17,652)
Balance at 31.03.2018		165,329	64,070	(71,909)	6,407	539	12,964	1,264	178,664	(67)	178,597

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2018 (CONT'D)

	Attributable to owners of the Company									Total Equity RM'000
	Non-distributable					Distributable				
Unaudited	Share Capital RM'000	(Note 1) 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	
Balance 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	-	-	-	-	-	-	(4,598)	(4,598)	(13)	(4,611)
Other comprehensive income for the financial year:										
- Foreign currency translation differences	-	-	-	-	-	(791)	-	(791)	1	(790)
Total comprehensive income for the financial year	-	-	-	-	-	(791)	(4,598)	(5,389)	(12)	(5,401)
Contributions by owners of the Company:										
Issuance of shares pursuant to conversion of RCULS	8	-	-	-	(2)	-	-	6	-	6
Total transactions with owners	8	-	-	-	(2)	-	-	6	-	6
Balance at 31.03.2017	165,041	64,070	(71,909)	6,680	608	13,776	240,018	418,284	(43)	418,241

Note 1: The Company has adopted the transitional provisions set out in Section 618(3) of the Companies Act 2016 ("Act") where the sum standing to the credit of the share premium may be utilised within twenty four (24) months from the commencement date of 31 January 2017 in the manner as allowed for under the Act. Therefore, the Group and the Company have not consolidated the share premium into share capital until the expiry of the transitional period.

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the FYE 2017 and the accompanying explanatory notes attached to these interim financial statements.

QUARTERLY REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2018

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 2017.

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):-

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Translations and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’

Amendments to MFRS 140: Transfers of Investment Property

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

The adoption of the above standard(s) and/or interpretation(s) will not have any material impact on the financial statements of the Group upon their initial application except as follows:-

• **MFRS 9 Financial Instruments**

The Group adopted MFRS 9 *Financial Instruments* on 1 January 2018. MFRS 9 replaces the guidance in MFRS 139 *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, impairment of financial assets and on hedge accounting.

MFRS 9 also replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss (“ECL”) model. Under MFRS 9, loss allowances will be measured on 12 months ECLs or Lifetime ECLs.

As allowed by the transitional provision of MFRS 9, the Group elected not to restate the comparatives. Adjustment arising from the initial application of the new impairment model has been recognised in the opening balance of the retained profits and the carrying amount of the financial assets as at 1 January 2018, as disclosed below:-

	<b>Impact of adoption of MFRS 9 to opening balance at 1 January 2018 RM’000</b>
Decrease in retained profits	6,994
Decrease in trade receivables	(5,434)
Decrease in other receivables and deposits	(1,560)
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QUARTERLY REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2018

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

A1. Accounting policies and methods of computation (Cont’d)

• MFRS 15 Revenue from Contracts with Customers

The Group adopted MFRS 15 *Revenue from Contracts with Customers* on 1 January 2018. MFRS 15 replaces the guidance in MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and the related interpretations. MFRS 15 provides a single comprehensive model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations.

The initial application of MFRS 15 did not have any significant impact on the Group’s consolidated financial statements.

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)**

	<b>Effective Date</b>
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS Standards 2015 - 2017 Cycles	1 January 2019
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019

A2. Auditors’ Report of preceding annual financial statements

The auditors have expressed an unqualified opinion on the financial statement for the financial year ended 31 December 2017 (“FYE 2017”). However, the auditors draw attention to the material uncertainty related to going concern which related to the Group incurred a loss after tax for the financial year of RM216,754,000 and negative operating cash flow of RM71,828,000 for FYE 2017 and fixed deposits amounting to RM102,709,000 with licensed banks as at 31 December 2017. The Group’s borrowings that are due for repayment in the next 12 months amounted to RM38,529,000 as at 31 December 2017. These factors indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group to continue as a going concern. Accordingly, the ability of the Group to continue as a going concern is dependent on the Group to generate sufficient cash flows from its operations as forecasted, the partial release of the Group’s fixed deposits pledged as security for certain banking facilities and the recoverability of current tax assets.

There has been no material development since 31 December 2017.

The Group continues to bid for new projects, pursue the partial release of the Group’s fixed deposits pledged and refund from the overpayment of tax.

QUARTERLY REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2018

**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.

**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 and financial year-to-date.

**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 predominantly in Malaysia. The overseas segment accounts for less than 10% of the consolidated revenue and assets.

**A9. Revenue**

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 3 Months 31.03.2018 RM’000	Unaudited Preceding year quarter 3 Months 31.03.2017 RM’000	Unaudited Current year to date 3 Months 31.03.2018 RM’000	Unaudited Preceding year to date 3 Months 31.03.2017 RM’000
Pipeline and commissioning services (“PCS”); and	15,782	31,063	15,782	31,063
Installation and construction services (“ICS”)	3,599	45,779	3,599	45,779
	19,381	76,842	19,381	76,842

QUARTERLY REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2018

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

**A9. Revenue (Cont’d)**

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 (2017 - 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**

**Property, plant and equipment:-**  
Approved and contracted for

**As at  
31.03.2018  
RM’000**

**4,020**

**A12. Changes in the composition of the Group**

There were no material changes in the composition of the Group for the current quarter and financial year-to-date.

**A13. Contingent liabilities and contingent assets**

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

**Unsecured**

Bank guarantees extended to clients

**As at  
31.03.2018  
RM’000**

**50,126**

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.

QUARTERLY REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2018

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

A15. Significant related party transactions

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 3 Months 31.03.2018 RM’000	Unaudited Preceding year quarter 3 Months 31.03.2017 RM’000	Unaudited Current year to date 3 Months 31.03.2018 RM’000	Unaudited Preceding year to date 3 Months 31.03.2017 RM’000
<b>Company in which certain Directors have interest</b>				
Purchases paid/payable	377	-	377	-
Rental of premises paid/payable	390	555	390	555
Rental of yard paid/payable	15	15	15	15
Donations *	60	150	60	150

\* As part of the Group’s Corporate Social Responsibility program, monthly donations are made to an orphanage home managed by Persatuan Kebajikan Pusat Jagaan Rumah Kasih Harmoni Paya Jaras (“RKHPJ”) 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) Nik Hamdan bin Daud, the chairman of RKHPJ, who is also a director and a major shareholder of the Company; and
- ii) Haniza binti Jaffar, the deputy chairman of RKHPJ, 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.

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QUARTERLY REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2018

**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 -----			
	Unaudited Current year quarter 3 Months 31.03.2018 RM'000	Unaudited Preceding year quarter 3 Months 31.03.2017 RM'000	Variance		Unaudited Current year to date 3 Months 31.03.2018 RM'000	Unaudited Preceding year to date 3 Months 31.03.2017 RM'000	Variance	
			RM'000	%			RM'000	%
Revenue	19,381	76,842	(57,461)	(75%)	19,381	76,842	(57,461)	(75%)
EBITDA ^	(10,933)	7,132	(18,065)	(253%)	(10,933)	7,132	(18,065)	(253%)
Loss before taxation	(19,812)	(3,145)	(16,667)	530%	(19,812)	(3,145)	(16,667)	530%
Loss after taxation	(19,927)	(4,611)	(15,316)	332%	(19,927)	(4,611)	(15,316)	332%
Loss after taxation attributable to owners of the Company	(19,927)	(4,598)	(15,329)	333%	(19,927)	(4,598)	(15,329)	333%

Note:-

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

During the current financial quarter ended 31 March 2018, the Group reported total revenue of RM19.38 million, which is a decrease of 75% from the corresponding quarter of the preceding year. The Group had also reported a loss before taxation of RM19.81 million as compared to a loss of RM3.15 million from the corresponding quarter of the preceding year. The decrease in revenue for the current quarter resulted from the lower revenue generated by both the Pipeline and Commissioning Services ("PCS") and Installation and Construction Services ("ICS") due to the slow roll out of work orders from major oil and gas players during the current quarter.

	----- Individual Quarter -----				----- Cumulative Quarter -----			
	Unaudited Current year quarter 3 Months 31.03.2018 RM'000	Unaudited Preceding year quarter 3 Months 31.03.2017 RM'000	Variance		Unaudited Current year to date 3 Months 31.03.2018 RM'000	Unaudited Preceding year to date 3 Months 31.03.2017 RM'000	Variance	
			RM'000	%			RM'000	%
PCS	15,782	31,063	(15,281)	(49%)	15,782	31,063	(15,281)	(49%)
ICS	3,599	45,779	(42,180)	(92%)	3,599	45,779	(42,180)	(92%)
	19,381	76,842			19,381	76,842		

QUARTERLY REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 31 MARCH 2018

**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")

PCS saw a decrease in revenue generated in the current financial quarter of RM15.78 million, compared to RM31.06 million from the corresponding quarter of the preceding year. This was due to lesser work orders received for both Pre-commissioning works and Hook-up Commissioning and Maintenance works from clients during the current financial quarter compared to the corresponding quarter of the preceding year.

Installation and construction services ("ICS")

During the current financial quarter ended 31 March 2018, ICS generated total revenue of RM3.60 million, which is a decrease of 92% from the corresponding quarter of the preceding year. This was mainly due to lesser on-going Transportation and Installation ("T&I") and Engineering, Procurement, Construction and Commissioning ("EPC") projects which are of a lower contract value in the current financial quarter compared to that of the corresponding quarter.

**B2. Comparison with immediate preceding quarter's results**

	<b>Unaudited Current year quarter 3 Months 31.03.2018 RM'000</b>	<b>Unaudited Immediate preceding quarter 3 Months 31.12.2017 RM'000</b>	<b>Variance</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	19,381	78,679	(59,298)	(75%)
EBITDA <sup>^</sup>	(10,933)	(65,249)	54,316	83%
Loss before taxation	(19,812)	(75,057)	55,245	74%
Loss after taxation	(19,927)	(73,858)	53,931	73%
Loss after taxation attributable to owners of the Company	<u>(19,927)</u>	<u>(73,833)</u>	53,906	73%

Note:-

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

The Group reported a lower revenue by 75% in the current financial quarter ended 31 March 2018 compared with the immediate preceding quarter ended 31 December 2017. However, the loss before taxation had reduce from RM75.06 million in the immediate preceding quarter to RM19.81 million in the current financial quarter. The decrease in revenue was mainly due to lesser on-going projects and lesser work order received from both PCS and ICS. The reduction in the loss before taxation was mainly due to the impairment loss of RM43.76 million that was recognised in the immediate preceding quarter as a result of the revaluation of the Group's pipe laying barge.

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**B3. Commentary on prospects**

The industry has seen positive recovery in the crude oil price and this has resulted in more market surveys and requests for quotes from oilfield operators. These could be early indicators that potentially more projects will be implemented in the near future. The Board has also seen some improvement from existing clients in terms of requests for work order proposals for the umbrella contracts. For the current financial year up to May 2018, the Group has received firm work orders of about RM150 million. The Board believes that more work orders will be issued by clients within this year for these contracts.

Notwithstanding the positive indicators in the industry, the Board acknowledged that typically there is a time gap between those early indicators and actual timing of project implementation. As such, the outlook remains cautious as industry's key players have yet to roll out their major capital programme.

Moving forward, the Group is actively bidding for new projects and will continue to pursue new opportunities. The Group shall remain focused to further improve cost management and 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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**B5. Loss before taxation**

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	Unaudited Current year quarter 3 Months 31.03.2018 RM'000	Unaudited Preceding year quarter 3 Months 31.03.2017 RM'000	Unaudited Current year to date 3 Months 31.03.2018 RM'000	Unaudited Preceding year to date 3 Months 31.03.2017 RM'000
Loss 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	(707)	(783)	(707)	(783)
- cash and bank balances	(46)	(57)	(46)	(57)
Interest expense on financial liabilities not at fair value through profit or loss:				
- bank overdraft	265	112	265	112
- hire purchase	5	12	5	12
- term loans	2,297	2,392	2,297	2,392
- RCULS	87	69	87	69
- bank guarantee/trust receipts	540	913	540	913
Depreciation of property, plant and equipment	6,438	7,619	6,438	7,619
Realised (gain)/loss on foreign exchange	(24)	1,440	(24)	1,440
Unrealised loss/(gain) on foreign exchange	6,065	(1,193)	6,065	(1,193)
Property, plant and equipment written off	321	-	321	-

Except for those disclosed above, there were:-

- no provision for or write off of receivables or inventories; and
- no gain or loss on disposal of unquoted investments or property, plant and equipment.



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**B6. Income tax expense**

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	Unaudited Current year quarter 3 Months 31.03.2018 RM'000	Unaudited Preceding year quarter 3 Months 31.03.2017 RM'000	Unaudited Current year to date 3 Months 31.03.2018 RM'000	Unaudited Preceding year to date 3 Months 31.03.2017 RM'000
Current tax:				
- for the current year	131	1,479	131	1,479
	<hr/> 131	<hr/> 1,479	<hr/> 131	<hr/> 1,479
Deferred tax expense				
- for the current year	(16)	(13)	(16)	(13)
	<hr/> (16)	<hr/> (13)	<hr/> (16)	<hr/> (13)
	<hr/> 115	<hr/> 1,466	<hr/> 115	<hr/> 1,466

Despite the Group's consolidated losses for the current financial period ended 31 March 2018, the Group still incurs income tax expense of RM115,000 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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**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)
<b>As at 31 March 2018</b>						
Secured:-						
- Term loans (RM)	-	540	-	414	-	954
- Term loan (USD) ^	701	2,706	41,566	160,529	42,267	163,235
- Hire purchase (RM)	-	224	-	187	-	411
- Trust receipt (RM)	-	25,443	-	-	-	25,443
- Bank overdrafts (RM)	-	16,879	-	-	-	16,879
		<u>45,792</u>		<u>161,130</u>		<u>206,922</u>

Unaudited	Short term		Long term		Total borrowings	
	Foreign currency (‘000)	RM (‘000)	Foreign currency (‘000)	RM (‘000)	Foreign currency (‘000)	RM (‘000)
<b>As at 31 March 2017</b>						
Secured:-						
- Term loans (RM)	-	496	-	1,121	-	1,617
- Term loan (USD) *	7,460	33,022	36,969	163,642	44,429	196,664
- Hire purchase (RM)	-	296	-	668	-	964
- Trust receipt (RM)	-	4,902	-	-	-	4,902
- Bank overdrafts (RM)	-	9,085	-	-	-	9,085
		<u>47,801</u>		<u>165,431</u>		<u>213,232</u>

Notes:-

^ - Converted at exchange rate of 3.8620 as at 31 March 2018.

\* - Converted at exchange rate of 4.4265 as at 31 March 2017.

All the borrowings' interest rates 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.

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**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/year.

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	Unaudited Current year quarter 3 Months 31.03.2018	Unaudited Preceding year quarter 3 Months 31.03.2017	Unaudited Current year to date 3 Months 31.03.2018	Unaudited Preceding year to date 3 Months 31.03.2017
Loss attributable to the owners of the Company (RM'000)	(19,927)	(4,598)	(19,927)	(4,598)
Weighted average number of ordinary shares in issue ('000)	826,405	825,193	826,405	825,193
Basic earnings per share (sen)	(2.41)	(0.56)	(2.41)	(0.56)

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**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/year.

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	Unaudited Current year quarter 3 Months 31.03.2018	Unaudited Preceding year quarter 3 Months 31.03.2017	Unaudited Current year to date 3 Months 31.03.2018	Unaudited Preceding year to date 3 Months 31.03.2017
Loss attributable to the owners of the Company (RM'000)	(19,927)	(4,598)	(19,927)	(4,598)
Weighted average number of ordinary shares in issue ('000) (Basic)	826,405	825,193	826,405	825,193
Effect of dilution from share options granted to employees ('000)	23,434	24,253	23,434	24,253
Effect of conversion of RCULS ('000)	9,381	10,587	9,381	10,587
	859,220	860,033	859,220	860,033
Diluted earnings per share (sen)	(2.32)	(0.53)	(2.32)	(0.53)