

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2017

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	Unaudited Current year quarter 3 Months 30.06.2017 RM'000	Unaudited Preceding year quarter 3 Months 30.06.2016 RM'000	Unaudited Current year to date 6 Months 30.06.2017 RM'000	Unaudited Preceding year to date 6 Months 30.06.2016 RM'000
Revenue	52,630	136,929	129,472	240,264
Cost of sales	(113,670)	(110,377)	(173,566)	(184,921)
Gross (loss)/profit	(61,040)	26,552	(44,094)	55,343
Other income	4	724	2,076	1,904
Administrative and other expenses	(18,261)	(13,811)	(36,883)	(38,450)
Finance costs	(2,569)	(3,987)	(6,110)	(7,661)
(Loss)/Profit before taxation	(81,866)	9,478	(85,011)	11,136
Income tax expense	(255)	(2,275)	(1,721)	(2,673)
(Loss)/Profit after taxation	(82,121)	7,203	(86,732)	8,463
Other comprehensive income				
Foreign currency translation	(1,501)	(7,121)	(2,291)	18,038
Other comprehensive (expenses)/income for the period	(1,501)	(7,121)	(2,291)	18,038
Total comprehensive (expenses)/income	(83,622)	82	(89,023)	26,501
(Loss)/Profit after tax attributable to:				
- Owners of the Company	(82,113)	7,210	(86,711)	8,483
- Non-controlling interests	(8)	(7)	(21)	(20)
	(82,121)	7,203	(86,732)	8,463
Total comprehensive (expenses)/income attributable to:				
- Owners of the Company	(83,616)	89	(89,005)	26,520
- Non-controlling interests	(6)	(7)	(18)	(19)
	(83,622)	82	(89,023)	26,501
Basic weighted average no. of ordinary shares ('000)	825,438	824,752	825,438	824,752
Earnings per share (sen):				
- Basic	(9.95)	0.87	(10.50)	1.03
- Diluted	(9.55)	0.85	(10.08)	0.99

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
JUNE 2017

	Unaudited As at 30.06.2017 RM'000	Audited As at 31.12.2016 RM'000
ASSETS		
NON-CURRENT ASSET		
Property, plant and equipment	373,150	400,649
CURRENT ASSETS		
Inventories	7,537	10,479
Trade receivables	38,406	128,282
Other receivables, deposits and prepayments	21,816	9,721
Current tax assets	39,893	49,593
Short-term investments	11,167	2,775
Fixed deposits with licensed banks	116,523	115,988
Cash and bank balances	29,617	101,701
	264,959	418,539
TOTAL ASSETS	638,109	819,188
EQUITY AND LIABILITIES		
EQUITY		
Share capital	165,121	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")	588	610
Foreign exchange translation reserves	12,273	14,567
Retained profits	157,905	244,616
Equity attributable to owners of the Company	334,728	423,667
Non-controlling interest	(49)	(31)
TOTAL EQUITY	334,679	423,636

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

	Unaudited As at 30.06.2017 RM'000	Audited As at 31.12.2016 RM'000
NON-CURRENT LIABILITIES		
Deferred tax liabilities	614	641
Long-term borrowings	160,532	167,630
RCULS	1,754	1,719
	162,900	169,990
CURRENT LIABILITIES		
Trade payables	77,486	130,564
Other payables and accruals	5,943	7,757
Current tax liabilities	2	23
Short-term borrowings	43,903	86,052
Bank overdrafts	13,196	1,166
	140,530	225,562
TOTAL LIABILITIES	303,430	395,552
TOTAL EQUITY AND LIABILITIES	638,109	819,188
Net asset per share (sen)	40.55	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 SECOND (2ND) QUARTER ENDED 30 JUNE 2017

	Unaudited Current year to date 6 Months 30.06.2017 RM'000	Unaudited Preceding year to date 6 Months 30.06.2016 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(85,011)	11,136
Adjustments for:-		
Depreciation of property, plant and equipment	14,384	10,711
Interest expense	5,890	7,492
Interest income	(1,720)	(1,740)
Unrealised loss on foreign exchange	3,461	4,251
Write back of impairment loss on receivables on longer required	(37)	-
Share options to employees	-	1,739
Operating (loss)/profit before working capital changes	(63,033)	33,589
Decrease/(Increase) in inventories	2,942	(4,559)
Decrease in trade and other receivables	77,782	25,084
Decrease in trade and other payables	(53,229)	(46,507)
CASH (FOR)/FROM OPERATIONS	(35,538)	7,607
Interest paid	(5,792)	(7,398)
Interest received	1,720	1,740
Net income tax refund/(paid)	7,934	(14,701)
NET CASH FOR OPERATING ACTIVITIES	(31,676)	(12,752)
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,078)	(21,924)
Change in pledged fixed deposits	(4,243)	(16,252)
NET CASH FOR INVESTING ACTIVITIES	(6,321)	(38,176)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Repayment of hire purchase obligations	(194)	(185)
Drawdown of trust receipts	33,011	97,643
Repayment of term loans	(12,903)	(13,586)
Repayment of trust receipts	(60,925)	(87,863)
Proceeds from exercise of employees' share option	-	25
NET CASH FOR FINANCING ACTIVITIES	(41,011)	(3,966)
NET DECREASE OF CASH AND CASH EQUIVALENTS	(79,008)	(54,894)
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	(422)	1,033
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	107,403	99,084
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	27,973	45,223

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND
(2ND) QUARTER ENDED 30 JUNE 2017 (CONT'D)

	Unaudited Current year to date 6 Months 30.06.2017 RM'000	Unaudited Preceding year to date 6 Months 30.06.2016 RM'000
Cash and cash equivalents comprise the following:		
- Short-term investments	11,167	1,252
- Fixed deposits with licensed banks	116,523	107,530
- Cash and bank balances	29,617	50,761
- Bank overdrafts	(13,196)	(12,165)
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	144,111	147,378
Less: Fixed deposits pledged to licensed banks	(116,138)	(102,155)
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	27,973	45,223
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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 SECOND (2ND) QUARTER ENDED 30 JUNE 2017

	----- Attributable to owners of the Company -----							Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
	-----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			
Balance as at 01.01.2017	165,033	64,070	(71,909)	6,680	610	14,567	244,616	423,667	(31)	423,636
Profit after taxation	-	-	-	-	-	-	(86,711)	(86,711)	(21)	(86,732)
Other comprehensive expenses for the financial period, net of taxation:										
- Foreign currency translation	-	-	-	-	-	(2,294)	-	(2,294)	3	(2,291)
Total comprehensive expenses	-	-	-	-	-	(2,294)	(86,711)	(89,005)	(18)	(89,023)
Contributions by owners of the Company:										
Issuance of shares pursuant to conversion of RCULS	88	-	-	-	(22)	-	-	66	-	66
Total transactions with owners	88	-	-	-	(22)	-	-	66	-	66
Balance as at 30.06.2017	165,121	64,070	(71,909)	6,680	588	12,273	157,905	334,728	(49)	334,679

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 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	-	-	-	-	-	-	8,483	8,483	(20)	8,463
Other comprehensive expenses for the financial period, net of taxation:										
- Foreign currency translation	-	-	-	-	-	18,037	-	18,037	1	18,038
Total comprehensive income	-	-	-	-	-	18,037	8,483	26,520	(19)	26,501
Contributions by owners of the Company:										
Issuance of shares pursuant to conversion of RCULS	88	9	-	-	(26)	-	-	71	-	71
Employees' share option:										
- Exercised	6	33	-	(14)	-	-	-	25	-	25
- Granted	-	-	-	1,739	-	-	-	1,739	-	1,739
Total transactions with owners	94	42	-	1,725	(26)	-	-	1,835	-	1,835
Balance as at 30.06.2016	164,973	64,056	(71,909)	7,075	627	(61,816)	238,170	341,176	(22)	341,154

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 SECOND (2ND) QUARTER ENDED 30 JUNE 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
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 SECOND (2ND) QUARTER ENDED 30 JUNE 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.

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 01.04.2017	825,199	165,041
Conversion of RCULS	356	80
Share capital as at 30.06.2017	825,555	165,121

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 SECOND (2ND) QUARTER ENDED 30 JUNE 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 30.06.2017 RM'000	Unaudited Preceding year quarter 3 Months 30.06.2016 RM'000	Unaudited Current year to date 6 Months 30.06.2017 RM'000	Unaudited Preceding year to date 6 Months 30.06.2016 RM'000
Pipeline and commissioning services; and (“PCS”)	31,688	56,132	62,751	77,253
Installation and construction services (“ICS”)	20,942	80,797	66,721	163,011
	52,630	136,929	129,472	240,264

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 30.06.2017 RM'000
Property, plant and equipment:-	
Approved and contracted for	2,115

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 SECOND (2ND) QUARTER ENDED 30 JUNE 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 SECOND (2ND) QUARTER ENDED 30 JUNE 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 30.06.2017 RM’000
<u>Unsecured</u>	
Bank guarantees extended to clients	108,691

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 30.06.2017 RM’000	Unaudited Preceding year quarter 3 Months 30.06.2016 RM’000	Unaudited Current year to date 6 Months 30.06.2017 RM’000	Unaudited Preceding year to date 6 Months 30.06.2016 RM’000
Company in which certain Directors have interest				
Purchases	585	1,136	1,155	1,710
Donations *	150	150	300	300

* 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 SECOND (2ND) QUARTER ENDED 30 JUNE 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 30.06.2017 RM'000	Preceding year quarter 3 Months 30.06.2016 RM'000	Variance		Current year to date 6 Months 30.06.2017 RM'000	Preceding year to date 6 Months 30.06.2016 RM'000	Variance	
			RM'000	%			RM'000	%
Revenue	52,630	136,929	(84,299)	(62%)	129,472	240,264	(110,792)	(46%)
EBITDA ^	(73,589)	19,706	(93,295)	(473%)	(66,457)	29,338	(95,795)	(326%)
(Loss)/Profit before taxation	(81,866)	9,478	(91,344)	(964%)	(85,011)	11,136	(96,147)	(863%)

Note:-

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

During the current financial period ended 30 June 2017, the Group reported a total revenue of RM129.47 million with RM52.63 million generated during the current quarter. This is a reduction of 62% compared to the corresponding quarter of the preceding year. The Group had also reported a loss before taxation of RM85.01 million for the current financial period ended 30 June 2017, with a loss before taxation of RM81.87 million recorded in the current quarter.

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 30.06.2017 RM'000	Preceding year quarter 3 Months 30.06.2016 RM'000	Variance		Current year to date 6 Months 30.06.2017 RM'000	Preceding year to date 6 Months 30.06.2016 RM'000	Variance	
			RM'000	%			RM'000	%
PCS	31,688	56,132	(24,444)	(43%)	62,751	77,253	(14,502)	(19%)
ICS	20,942	80,797	(59,855)	(74%)	66,721	163,011	(96,290)	(59%)
	52,630	136,929			129,472	240,264		

Pipeline and commissioning services ("PCS")

During the current financial period ended 30 June 2017, a total revenue of RM62.75 million was generated from PCS, with RM31.69 million being generated during the current quarter. This is a decrease of 43% from the corresponding quarter of the preceding year which was mainly due to there were no new Pre-commissioning project awarded and lesser number of on-going Pre-commissioning projects on hand.

QUARTERLY REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 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)

Installation and construction services ("ICS")

The revenue generated from ICS during the current financial period ended 30 June 2017 amounted to RM66.72 million, out of which RM20.94 million was generated during the current quarter. The decrease was due to lower contract value of the Transportation and Installation ("T&I") projects completed during the current financial period as compared to those projects executed in the corresponding period of the preceding year.

B2. Comparison with immediate preceding quarter's results

	Current year quarter 3 Months 30.06.2017 RM'000	Immediate preceding quarter 3 Months 31.03.2017 RM'000	Variance	
			RM'000	%
Revenue	52,630	76,842	(24,212)	(31%)
EBITDA [^]	(73,589)	7,132	(80,721)	(1,132%)
Loss before taxation	(81,866)	(3,145)	(78,721)	2,503%

Note:-

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

The Group reported a lower revenue by 31% and loss before taxation increased by 2,503% in the current quarter ended 30 June 2017 compared with the immediate preceding quarter ended 31 March 2017. The decrease in revenue reported was mainly due to lower certification of work done/milestone claim for two (2) projects under the Procurement, Construction & Commissioning ("PCC") services. Whereas the increase in the loss before taxation was mainly due to the higher completion cost compared to the budgeted cost of the completed T&I Pan Malaysia project. Also, due to the cost recognised in the current quarter for both PCC projects which has yet to be claimed from the client and the increase in the unrealised foreign exchange loss.

B3. Commentary on prospects

The outlook for the oil and gas industry is expected to remain challenging over the short to medium term, despite the slight improvement of the oil price. Hence, the Group's outlook for the remaining second half of the financial year 2017 is expected to remain challenging 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 18 August 2017, the Group's outstanding order book stands at RM538.98 million. Nevertheless, the Group will continue to pursue new opportunities domestically and internationally, while taking steps to improve on operational efficiency.

QUARTERLY REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2017

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

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.

B5. Profit before taxation

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	Unaudited Current year quarter 3 Months 30.06.2017 RM'000	Unaudited Preceding year quarter 3 Months 30.06.2016 RM'000	Unaudited Current year to date 6 Months 30.06.2017 RM'000	Unaudited Preceding year to date 6 Months 30.06.2016 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	(669)	(693)	(1,452)	(1,659)
- cash and bank balances	(211)	(63)	(268)	(81)
Interest expense on financial liabilities not at fair value through profit or loss:				
- bank overdraft	210	229	322	329
- hire purchase	11	16	23	32
- term loans	1,897	2,239	4,289	4,614
- RCULS	65	65	134	133
- bank guarantee/trust receipts	209	1,321	1,122	2,384
Depreciation of property, plant and equipment	6,765	5,375	14,384	10,711
Realised loss/(gain) on foreign exchange	447	(35)	1,887	1,888
Unrealised loss/(gain) on foreign exchange	4,654	(3,346)	3,461	4,251
Share option expenses	-	1,739	-	1,739
Write back of impairment loss on receivables on longer required	(37)	-	(37)	-

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.

QUARTERLY REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2017

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

B6. Income tax expense

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	Unaudited Current year quarter 3 Months 30.06.2017 RM'000	Unaudited Preceding year quarter 3 Months 30.06.2016 RM'000	Unaudited Current year to date 6 Months 30.06.2017 RM'000	Unaudited Preceding year to date 6 Months 30.06.2016 RM'000
Current tax:				
- for the current period	266	2,287	1,745	2,697
	<u>266</u>	<u>2,287</u>	<u>1,745</u>	<u>2,697</u>
Deferred tax expense				
- for the current period	(11)	(12)	(24)	(24)
	<u>(11)</u>	<u>(12)</u>	<u>(24)</u>	<u>(24)</u>
	<u>255</u>	<u>2,275</u>	<u>1,721</u>	<u>2,673</u>

Despite the Group's consolidated losses for the current quarter and current financial period ended 30 June 2017, the Group still incurs income tax expense of RM0.26 million and RM1.72 million respectively 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.

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 June 2017						
Secured:-						
- Term loans (RM)	-	333	-	1,120	-	1,453
- Term loan (USD) ^	5,925	25,443	36,969	158,744	42,894	184,187
- Hire purchase (RM)	-	199	-	668	-	867
- Trust receipt (RM)	-	17,928	-	-	-	17,928
- Bank overdrafts (RM)	-	13,196	-	-	-	13,196
		<u>57,099</u>		<u>160,532</u>		<u>217,631</u>

QUARTERLY REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2017

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 (Cont'd)

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 June 2016						
Secured:-						
- Term loans (RM)	-	311	-	1,778	-	2,089
- Term loan (USD) *	2,550	10,259	45,682	183,755	48,232	194,014
- Hire purchase (RM)	-	190	-	1,061	-	1,251
- Trust receipt (RM)	-	44,736	-	-	-	44,736
- Bank overdrafts (RM)	-	12,165	-	-	-	12,165
		<u>67,661</u>		<u>186,594</u>		<u>254,255</u>

Notes:-

^ - Converted at exchange rate of 4.2940 as at 30 June 2017.

* - Converted at exchange rate of 4.0225 as at 30 June 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.

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.

QUARTERLY REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2017

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

(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 30.06.2017	Unaudited Preceding year quarter 3 Months 30.06.2016	Unaudited Current year to date 6 Months 30.06.2017	Unaudited Preceding year to date 6 Months 30.06.2016
(Loss)/Profit attributable to the owners of the Company (RM'000)	(82,113)	7,210	(86,711)	8,483
Weighted average number of ordinary shares in issue ('000)	825,438	824,752	825,438	824,752
Basic earnings per share (sen)	(9.95)	0.87	(10.50)	1.03

QUARTERLY REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2017

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 30.06.2017	Unaudited Preceding year quarter 3 Months 30.06.2016	Unaudited Current year to date 6 Months 30.06.2017	Unaudited Preceding year to date 6 Months 30.06.2016
(Loss)/Profit attributable to the owners of the Company (RM'000)	(82,113)	7,210	(86,711)	8,483
Weighted average number of ordinary shares in issue ('000) (Basic)	825,438	824,752	825,438	824,752
Effect of dilution from share options granted to employees ('000)	24,253	17,175	24,253	17,175
Effect of conversion of RCULS ('000)	10,232	10,920	10,232	10,920
	859,923	852,847	859,923	852,847
Diluted earnings per share (sen)	(9.55)	0.85	(10.08)	0.99

QUARTERLY REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 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 As at 30.06.2017 RM'000	Audited As at 31.12.2016 RM'000
Total retained profits of the Group		
- Realised	180,491	258,409
- Unrealised	(614)	6,675
	<hr/>	<hr/>
	179,877	265,084
Add: Consolidated adjustments	(21,972)	(20,468)
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	157,905	244,616
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