

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2018

	Note	--- Individual Quarter ---		--- Cumulative Quarter ---	
		Unaudited Current year quarter 3 Months 30.06.2018 RM'000	Unaudited Preceding year quarter 3 Months 30.06.2017 RM'000	Unaudited Current year to date 6 Months 30.06.2018 RM'000	Unaudited Preceding year to date 6 Months 30.06.2017 RM'000
Revenue	A9	59,164	52,630	78,545	129,472
Cost of sales		(68,403)	(113,670)	(85,762)	(173,566)
Gross loss		(9,239)	(61,040)	(7,217)	(44,094)
Other income		3,755	4	4,727	2,076
Administrative and other expenses		(6,603)	(18,261)	(26,177)	(36,883)
Finance costs		(3,259)	(2,569)	(6,491)	(6,110)
Loss before taxation	B5	(15,346)	(81,866)	(35,158)	(85,011)
Income tax expense	B6	(151)	(255)	(266)	(1,721)
Loss after taxation		(15,497)	(82,121)	(35,424)	(86,732)
Other comprehensive income					
Foreign currency translation		(2,287)	(1,501)	(12)	(2,291)
Other comprehensive expenses for the period		(2,287)	(1,501)	(12)	(2,291)
Total comprehensive expenses		(17,784)	(83,622)	(35,436)	(89,023)
Loss after tax attributable to:					
- Owners of the Company		(15,482)	(82,113)	(35,409)	(86,711)
- Non-controlling interests		(15)	(8)	(15)	(21)
		(15,497)	(82,121)	(35,424)	(86,732)
Total comprehensive expenses attributable to:					
- Owners of the Company		(17,764)	(83,616)	(35,421)	(89,005)
- Non-controlling interests		(20)	(6)	(15)	(18)
		(17,784)	(83,622)	(35,436)	(89,023)
Basic weighted average no. of ordinary shares ('000)		826,405	825,438	826,405	825,438
Earnings per share (sen):					
- Basic	B11(a)	(1.87)	(9.95)	(4.28)	(10.50)
- Diluted	B11(b)	(1.80)	(9.55)	(4.12)	(10.08)

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 30
JUNE 2018

	Note	Unaudited As at 30.06.2018 RM'000	Audited As at 31.12.2017 RM'000
ASSETS			
NON-CURRENT ASSET			
Property, plant and equipment		282,631	297,447
CURRENT ASSETS			
Inventories		4,801	5,154
Trade receivables		56,023	61,791
Other receivables, deposits and prepayments		6,814	12,041
Current tax assets		43,032	42,966
Short-term investments		139	136
Fixed deposits with licensed banks		88,858	102,709
Cash and bank balances		18,526	29,205
		218,193	254,002
TOTAL ASSETS		500,824	551,449
EQUITY AND LIABILITIES			
EQUITY			
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		10,682	10,694
(Accumulated losses)/Retained profits		(14,218)	28,185
Equity attributable to owners of the Company		160,900	203,315
Non-controlling interest		(87)	(72)
TOTAL EQUITY		160,813	203,243

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30
JUNE 2018 (CONT'D)

	Note	Unaudited As at 30.06.2018 RM'000	Audited As at 31.12.2017 RM'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities		33	50
Long-term borrowings	B8	168,466	169,442
RCULS		1,897	1,763
		<hr/>	<hr/>
		170,396	171,255
CURRENT LIABILITIES			
Trade payables		116,959	119,791
Other payables and accruals		4,414	2,970
Short-term borrowings	B8	37,338	38,529
Bank overdrafts	B8	10,904	15,661
		<hr/>	<hr/>
		169,615	176,951
TOTAL LIABILITIES		<hr/>	<hr/>
		340,011	348,206
TOTAL EQUITY AND LIABILITIES		<hr/>	<hr/>
		500,824	551,449
Net asset per share (sen)		<hr/>	<hr/>
		19.47	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 SECOND
(2ND) QUARTER ENDED 30 JUNE 2018**

	Unaudited Current year to date 6 Months 30.06.2018 RM'000	Unaudited Preceding year to date 6 Months 30.06.2017 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Loss before taxation	(35,158)	(85,011)
Adjustments for:-		
Depreciation of property, plant and equipment	12,904	14,384
Interest expense	6,413	5,890
Interest income	(1,290)	(1,720)
Unrealised loss/(gain) on foreign exchange	873	3,461
Write back of impairment loss on receivables no longer required	(1,089)	(37)
Gain on disposal of property, plant and equipment	(2,001)	-
Property, plant and equipment written off	321	-
	<hr/>	<hr/>
Operating loss before working capital changes	(19,027)	(63,033)
Decrease in inventories	353	2,942
Decrease in trade and other receivables	5,090	77,782
Increase/(Decrease) in trade and other payables	712	(53,229)
	<hr/>	<hr/>
CASH FOR OPERATIONS	(12,872)	(35,538)
Interest paid	(6,279)	(5,792)
Interest received	1,290	1,720
Net income tax (paid)/refund	(349)	7,934
	<hr/>	<hr/>
NET CASH FOR OPERATING ACTIVITIES	(18,210)	(31,676)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(179)	(2,078)
Decrease/(Increase) in pledged fixed deposits with licensed banks	10,144	(4,243)
	<hr/>	<hr/>
NET CASH FROM/(FOR) INVESTING ACTIVITIES	9,965	(6,321)
CASH FLOWS FOR FINANCING ACTIVITIES		
Drawdown of trust receipts	35,446	33,011
Repayment of term loans	(2,528)	(12,903)
Repayment of trust receipts	(34,938)	(60,925)
Repayment of hire purchase obligations	(147)	(194)
	<hr/>	<hr/>
NET CASH FOR FINANCING ACTIVITIES	(2,167)	(41,011)
	<hr/>	<hr/>
NET DECREASE OF CASH AND CASH EQUIVALENTS/BALANCE CARRIED FORWARD	(10,412)	(79,008)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND
(2ND) QUARTER ENDED 30 JUNE 2018 (CONT'D)

	Unaudited Current year to date 6 Months 30.06.2018 RM'000	Unaudited Preceding year to date 6 Months 30.06.2017 RM'000
NET DECREASE OF CASH AND CASH EQUIVALENTS/BALANCE BROUGHT FORWARD	(10,412)	(79,008)
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	786	(422)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	17,475	107,403
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>7,849</u>	<u>27,973</u>
Cash and cash equivalents comprise the following:		
- Short-term investments	139	11,167
- Fixed deposits with licensed banks	88,858	116,523
- Cash and bank balances	18,526	29,617
- Bank overdrafts	(10,904)	(13,196)
	<u>96,619</u>	<u>144,111</u>
Less: Fixed deposits pledged to licensed banks	(88,770)	(116,138)
	<u>7,849</u>	<u>27,973</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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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2018

Unaudited	Note	Attributable to owners of the Company							Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
		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	Distributable (Accumulated Losses) /Retained Profits 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		-	-	-	-	-	-	(35,409)	(35,409)	(15)	(35,424)
Other comprehensive expenses for the financial year, net of taxation:											
- Foreign currency translation		-	-	-	-	-	(12)	-	(12)	-	(12)
Total comprehensive expenses		-	-	-	-	-	(12)	(35,409)	(35,421)	(15)	(35,436)
Balance at 30.06.2018		165,329	64,070	(71,909)	6,407	539	10,682	(14,218)	160,900	(87)	160,813

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 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	-	-	-	-	-	-	(86,711)	(86,711)	(21)	(86,732)
Other comprehensive income for the financial year:										
- Foreign currency translation differences	-	-	-	-	-	(2,294)	-	(2,294)	3	(2,291)
Total comprehensive income for the financial year	-	-	-	-	-	(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 at 30.06.2017	165,121	64,070	(71,909)	6,680	588	12,273	157,905	334,728	(49)	334,679

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 SECOND (2ND) QUARTER ENDED 30 JUNE 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:-

	Impact of adoption of MFRS 9 to opening balance at 1 January 2018 RM’000
Decrease in retained profits	6,994
Decrease in trade receivables	(5,434)
Decrease in other receivables and deposits	(1,560)

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

	Effective Date
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 March 2018.

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 SECOND (2ND) QUARTER ENDED 30 JUNE 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 other than the following:-

- the gain on disposal of property, plant and equipment of RM2 million as a result of the disposal of the Group’s building.

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 30.06.2018 RM’000	Unaudited Preceding year quarter 3 Months 30.06.2017 RM’000	Unaudited Current year to date 6 Months 30.06.2018 RM’000	Unaudited Preceding year to date 6 Months 30.06.2017 RM’000
Pipeline and commissioning services (“PCS”); and	31,029	31,688	46,811	62,751
Installation and construction services (“ICS”)	28,135	20,942	31,734	66,721
	59,164	52,630	78,545	129,472

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

	As at 30.06.2018 RM’000
Property, plant and equipment:-	
Approved and contracted for	682

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 other than as mentioned below:-

- PBJV Gulf Co. Ltd (“PBJV Gulf”), an 85% indirect subsidiary of the Company duly established under the laws of the Kingdom of Saudi Arabia had commenced the members’ voluntary liquidation and appointed Rami K. Al-Khedher as the liquidator of PBJV Gulf.

A13. Contingent liabilities and contingent assets

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

	As at 30.06.2018 RM’000
<u>Unsecured</u>	
Bank guarantees extended to clients	87,390

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 SECOND (2ND) QUARTER ENDED 30 JUNE 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 30.06.2018 RM’000	Unaudited Preceding year quarter 3 Months 30.06.2017 RM’000	Unaudited Current year to date 6 Months 30.06.2018 RM’000	Unaudited Preceding year to date 6 Months 30.06.2017 RM’000
Company in which certain Directors have interest				
Purchases paid/payable	8,454	15	8,831	15
Rental of premises paid/payable	390	555	780	1,110
Rental of yard paid/payable	15	15	30	30
Donations *	60	150	120	300

* 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 (2ND) QUARTER ENDED 30 JUNE 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 30.06.2018 RM'000	Unaudited Preceding year quarter 3 Months 30.06.2017 RM'000	Variance		Unaudited Current year to date 6 Months 30.06.2018 RM'000	Unaudited Preceding year to date 6 Months 30.06.2017 RM'000	Variance	
			RM'000	%			RM'000	%
Revenue	59,164	52,630	6,534	12%	78,545	129,472	(50,927)	(39%)
EBITDA ^	(6,198)	(73,589)	67,391	92%	(17,131)	(66,457)	49,326	74%
Loss before taxation	(15,346)	(81,866)	66,520	81%	(35,158)	(85,011)	49,853	59%
Loss after taxation	(15,497)	(82,121)	66,624	81%	(35,424)	(86,732)	51,308	59%
Loss after taxation attributable to owners of the Company	(15,482)	(82,113)	66,631	81%	(35,409)	(86,711)	51,302	59%

Note:-

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

During the current financial quarter ended 30 June 2018, the Group reported a total revenue of RM59.16 million, which is an increase of 12% from the corresponding quarter of the preceding year. The Group had also reported a lower loss before taxation of RM15.35 million for the current financial quarter ended 30 June 2018 which is an increase of 81% from the corresponding quarter of the preceding year. The increase in revenue was mainly due to higher progress billings issued for the Underwater Services, under the Installation and Construction Services ("ICS").

	----- Individual Quarter -----				----- Cumulative Quarter -----			
	Unaudited Current year quarter 3 Months 30.06.2018 RM'000	Unaudited Preceding year quarter 3 Months 30.06.2017 RM'000	Variance		Unaudited Current year to date 6 Months 30.06.2018 RM'000	Unaudited Preceding year to date 6 Months 30.06.2017 RM'000	Variance	
			RM'000	%			RM'000	%
PCS	31,029	31,688	(659)	(2%)	46,811	62,751	(15,940)	(25%)
ICS	28,135	20,942	7,193	34%	31,734	66,721	(34,987)	(52%)
	59,164	52,630			78,545	129,472		

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

The revenue generated from PCS during the current financial period ended 30 June 2018 amounted to RM46.81 million, out of which RM31.03 million was generated during the current financial quarter. This is a slight decrease of 2% from the corresponding quarter of the preceding year as there were lesser number of on-going Hook-up Commissioning and Maintenance works during the current financial quarter.

Installation and construction services ("ICS")

ICS saw an increase of 34% in the revenue generated during the current financial quarter of RM28.14 million compared to RM20.94 million from the corresponding quarter of the preceding year. This was mainly due to the higher progress billings issued for the Underwater Services.

B2. Comparison with immediate preceding quarter's results

	Unaudited Current year quarter 3 Months 30.06.2018 RM'000	Unaudited Immediate preceding quarter 3 Months 31.03.2018 RM'000	Variance	
			RM'000	%
Revenue	59,164	19,381	39,783	205%
EBITDA [^]	(6,198)	(10,933)	4,735	43%
Loss before taxation	(15,346)	(19,812)	4,466	23%
Loss after taxation	(15,497)	(19,927)	4,430	22%
Loss after taxation attributable to owners of the Company	(15,482)	(19,927)	4,445	22%

Note:-

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

The Group reported a higher revenue by 205% in the current financial quarter ended 30 June 2018 compared with the immediate preceding quarter ended 31 March 2018. This was as a result of higher progress billings issued for the Pipeline Maintenance Services and Underwater Services. The loss before taxation had also reduce from RM19.81 million in the immediate preceding quarter to RM15.35 million in the current financial quarter. This decrease was mainly due to the gain on disposal of a property and the reversal of impairment loss on receivables.

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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)

B3. Commentary on prospects

Despite the gradual recovery of the oil and gas industry, the short term to medium term outlook for the industry remain challenging.

Notwithstanding the above, the Group remains committed to improve order book, increase operational efficiency, costs management and explore opportunities within the industry. This can be reflected with the recent win of contracts for Maintenance, Construction and Modification (“MCM”) works which are expected to contribute positively to the Group over the next five (5) years. The Group is also exploring various measures to strengthen and improve its financial position.

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 30.06.2018 RM'000	Unaudited Preceding year quarter 3 Months 30.06.2017 RM'000	Unaudited Current year to date 6 Months 30.06.2018 RM'000	Unaudited Preceding year to date 6 Months 30.06.2017 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	(536)	(669)	(1,243)	(1,452)
- cash and bank balances	(1)	(211)	(47)	(268)
Interest expense on financial liabilities not at fair value through profit or loss:				
- bank overdraft	247	210	512	322
- hire purchase	5	11	10	23
- term loans	2,499	1,897	4,796	4,289
- bank guarantee/trust receipts	381	209	921	1,122
- RCULS	87	65	174	134
Depreciation of property, plant and equipment	6,466	6,765	12,904	14,384
Realised (gain)/loss on foreign exchange	(51)	447	(75)	1,887
Unrealised (gain)/loss on foreign exchange	(5,192)	4,654	873	3,461
Write back of impairment loss on receivables no longer required	(1,089)	(37)	(1,089)	(37)
Gain on disposal of property, plant and equipment	(2,001)	-	(2,001)	-
Property, plant and equipment written off	-	-	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.

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B6. Income tax expense

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	Unaudited Current year quarter 3 Months 30.06.2018 RM'000	Unaudited Preceding year quarter 3 Months 30.06.2017 RM'000	Unaudited Current year to date 6 Months 30.06.2018 RM'000	Unaudited Preceding year to date 6 Months 30.06.2017 RM'000
Current tax:				
- for the current year	152	266	283	1,745
	<hr/>	<hr/>	<hr/>	<hr/>
	152	266	283	1,745
Deferred tax expense				
- for the current year	(1)	(11)	(17)	(24)
	<hr/>	<hr/>	<hr/>	<hr/>
	(1)	(11)	(17)	(24)
	<hr/>	<hr/>	<hr/>	<hr/>
	151	255	266	1,721
	<hr/>	<hr/>	<hr/>	<hr/>

Despite the Group's consolidated losses for the current financial period ended 30 June 2018, the Group still incurs income tax expense of RM151,000 and RM266,000 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.

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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)
As at 30 June 2018						
Secured:-						
- Term loans (RM)	-	359	-	413	-	772
- Term loan (USD) ^	577	2,330	41,566	167,866	42,143	170,196
- Hire purchase (RM)	-	150	-	187	-	337
- Trust receipt (RM)	-	34,499	-	-	-	34,499
- Bank overdrafts (RM)	-	10,904	-	-	-	10,904
		<u>48,242</u>		<u>168,466</u>		<u>216,708</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 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>

Notes:-

^ - Converted at exchange rate of 4.0385 as at 30 June 2018

* - Converted at exchange rate of 4.2940 as at 30 June 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

On 28 August 2018, a wholly-owned subsidiary of the Company, PBJV Group Sdn. Bhd. (“PBJV”) had attended to a case management at High Court of Malaya at Shah Alam in respect of a claim by Mersing Construction & Engineering Sdn. Bhd. (“Mersing”) against PBJV for a sum of RM13,275,867.96.

Mersing was a subcontractor appointed by PBJV for part of the scope of the Pengerang Gas Pipeline Project. The claim submitted by Mersing was for RM2,503,655.27 for the balance of the progress claim for the subcontract work and RM10,772,212.69 for variation order work.

PBJV has disputed the amount claimed by Mersing for the variation order work. At the same time, PBJV has also filed for a civil suit against Mersing for a total sum of RM41,658,233.63 for the additional cost impact to the project that PBJV claimed was caused by Mersing.

The Court has fixed 25 September 2018 to decide on the claim by Mersing following written submission to be made by each party.

There were no other 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 30.06.2018	Unaudited Preceding year quarter 3 Months 30.06.2017	Unaudited Current year to date 6 Months 30.06.2018	Unaudited Preceding year to date 6 Months 30.06.2017
Loss attributable to the owners of the Company (RM'000)	(15,482)	(82,113)	(35,409)	(86,711)
Weighted average number of ordinary shares in issue ('000)	826,405	825,438	826,405	825,438
Basic earnings per share (sen)	(1.87)	(9.95)	(4.28)	(10.50)

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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 30.06.2018	Unaudited Preceding year quarter 3 Months 30.06.2017	Unaudited Current year to date 6 Months 30.06.2018	Unaudited Preceding year to date 6 Months 30.06.2017
Loss attributable to the owners of the Company (RM'000)	(15,482)	(82,113)	(35,409)	(86,711)
Weighted average number of ordinary shares in issue ('000) (Basic)	826,405	825,438	826,405	825,438
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	10,232	9,381	10,232
	859,220	859,923	859,220	859,923
Diluted earnings per share (sen)	(1.80)	(9.55)	(4.12)	(10.08)