



**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the First Quarter ended 31 March 2018 (Unaudited)**

	Current Quarter Ended 31-Mar-18 RM'000	Corresponding Quarter Ended 31-Mar-17 RM'000	Cumulative Year To Date 31-Mar-18 RM'000	Corresponding Year To Date 31-Mar-17 RM'000
Revenue	148,782	117,910	148,782	117,910
Operating expenses	(111,869)	(97,616)	(111,869)	(97,616)
Gross profit	36,913	20,294	36,913	20,294
Other income	2,080	81	2,080	81
Administration expenses	(24,203)	(25,800)	(24,203)	(25,800)
Other operating expenses	(28,807)	(8,280)	(28,807)	(8,280)
Results from operating activities	(14,017)	(13,705)	(14,017)	(13,705)
Finance costs	(23,334)	(25,302)	(23,334)	(25,302)
Finance income	1,372	2,254	1,372	2,254
Net finance costs	(21,962)	(23,048)	(21,962)	(23,048)
Loss before tax	(35,979)	(36,753)	(35,979)	(36,753)
Income tax expense	(11,670)	(6,741)	(11,670)	(6,741)
Loss for the period	(47,649)	(43,494)	(47,649)	(43,494)
Other comprehensive expense, net of tax				
Foreign currency translation	(23,246)	(9,053)	(23,246)	(9,053)
Cash flow hedge	(37)	62	(37)	62
Other comprehensive expense for the period, net of tax	(23,283)	(8,991)	(23,283)	(8,991)
Total comprehensive expense for the period	(70,932)	(52,485)	(70,932)	(52,485)
Loss for the period				
Attributable to:				
Owners of the Company	(21,307)	(42,583)	(21,307)	(42,583)
Non-controlling interest	(26,342)	(911)	(26,342)	(911)
	(47,649)	(43,494)	(47,649)	(43,494)
Total comprehensive expense for the period				
Attributable to:				
Owners of the Company	(35,389)	(51,395)	(35,389)	(51,395)
Non-controlling interest	(35,543)	(1,090)	(35,543)	(1,090)
	(70,932)	(52,485)	(70,932)	(52,485)
Weighted average number of ordinary shares in issue ('000)	964,810	877,100	964,810	877,100
Basic earnings/(loss) per ordinary share (sen)	(2.21)	(4.85)	(2.21)	(4.85)

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2017 and the accompanying notes attached to this interim financial report).



Condensed Consolidated Statement of Financial Position
As at 31 March 2018 (Unaudited)

	UNAUDITED AS AT 31-Mar-18 RM'000	AUDITED AS AT 31-Dec-17 RM'000
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	1,386,280	1,510,658
Prepaid lease payments	9,663	9,755
Intangible assets	12,686	12,490
Deposit	43,327	45,291
Goodwill	653,627	653,627
Deferred tax asset	21,518	23,236
Derivative assets	195	233
TOTAL NON CURRENT ASSETS	2,127,296	2,255,290
CURRENT ASSETS		
Inventories	4,396	6,056
Trade and other receivables	223,202	198,312
Other investments	1,556	1,543
Deposits and prepayments	13,627	13,627
Current tax assets	3,663	7,485
Cash and cash equivalents	161,042	222,307
TOTAL CURRENT ASSETS	407,486	449,330
TOTAL ASSETS	2,534,782	2,704,620
EQUITY AND LIABILITIES		
EQUITY		
Share capital	672,988	672,988
Reserves	251,463	286,852
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	924,451	959,840
NON-CONTROLLING INTEREST	154,544	190,087
TOTAL EQUITY	1,078,995	1,149,927
NON CURRENT LIABILITIES		
Loans and borrowings	137,816	149,474
Deferred tax liabilities	69,217	70,935
TOTAL NON CURRENT LIABILITIES	207,033	220,409
CURRENT LIABILITIES		
Loans and borrowings	1,073,606	1,131,274
Trade and other payables	166,057	195,448
Current tax liabilities	9,091	7,562
TOTAL CURRENT LIABILITIES	1,248,754	1,334,284
TOTAL LIABILITIES	1,455,787	1,554,693
TOTAL EQUITY AND LIABILITIES	2,534,782	2,704,620
Net assets per share (sen)	96	99

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2017 and the accompanying notes attached to this interim financial report).



**Condensed Consolidated Statement of Changes in Equity
For the First Quarter ended 31 March 2018 (Unaudited)**

	Attributable to the Owners of the Company				Total	Non-controlling interest	Total Equity
	Non-Distributable		Distributable				
	Share Capital	Share Premium	Other reserve	Retained Earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2017	438,550	146,686	114,270	570,924	1,270,430	7,763	1,278,193
Transfer in accordance with Section 618(2) of the Companies Act 2016 (Note A8)	146,686	(146,686)	-	-	-	-	-
Loss for the period	-	-	-	(144,891)	(144,891)	(8,291)	(153,182)
Foreign currency translation differences for foreign operations	-	-	(60,461)	-	(60,461)	(2,418)	(62,879)
Cash flow hedge	-	-	38	-	38	5	43
Total comprehensive expense for the period	-	-	(60,423)	(144,891)	(205,314)	(10,704)	(216,018)
Issuance of ordinary shares under private placements (net of placement issue expenses)	87,752	-	-	-	87,752	-	87,752
Dividend-in-specie to owners of the Company	-	-	-	(452,955)	(452,955)	-	(452,955)
Changes in ownership interest in a subsidiary	-	-	-	259,927	259,927	193,028	452,955
At 31 December 2017	672,988	-	53,847	233,005	959,840	190,087	1,149,927



Condensed Consolidated Statement of Changes in Equity (Cont'd)
For the First Quarter ended 31 March 2018 (Unaudited)

	Attributable to the Owners of the Company			Total	Non-controlling interest	Total Equity
	Non-Distributable		Distributable			
	Share Capital	Other reserve	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	672,988	53,847	233,005	959,840	190,087	1,149,927
Loss for the period	-	-	(21,307)	(21,307)	(26,342)	(47,649)
Foreign currency translation differences for foreign operations	-	(14,059)	-	(14,059)	(9,187)	(23,246)
Cash flow hedge	-	(23)	-	(23)	(14)	(37)
Total comprehensive expense for the period	-	(14,082)	(21,307)	(35,389)	(35,543)	(70,932)
				-		
At 31 March 2018	672,988	39,765	211,698	924,451	154,544	1,078,995

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2017 and the accompanying notes attached to this interim financial report).



Condensed Consolidated Statement of Cash Flows
For the First Quarter ended 31 March 2018 (Unaudited)

	Current period-to-date (unaudited) 31-Mar-18 RM'000	Corresponding period-to-date (unaudited) 31-Mar-17 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(35,979)	(36,753)
Adjustments for:-		
- Non-cash items	62,307	44,008
- Non-operating items	21,950	23,109
Operating profit before changes in working capital	48,278	30,364
<u>Changes in working capital</u>		
Inventories	1,660	2,302
Trade and other receivables	(41,202)	96,334
Trade and other payables	(7,853)	(21,175)
Total changes in working capital	(47,395)	77,461
Cash generated from operations	883	107,825
Interest received	1,105	2,194
Interest paid	(563)	-
Tax paid	(8,850)	(7,568)
Total interest and tax paid	(8,308)	(5,374)
Net cash (used in)/ generated from operating activities	(7,425)	102,451
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawal/(Placement) of fixed deposits	(55,045)	(55,363)
Acquisition of property, plant and equipment	(2,094)	(889)
Net cash used in investing activities	(57,139)	(56,252)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(56,748)	(55,482)
Payments of finance lease liabilities	(2,994)	(3,191)
Term loan interest paid	(18,369)	(21,980)
Net cash used in financing activities	(78,111)	(80,653)
Net decrease in cash and cash equivalents	(142,675)	(34,454)
Effect of foreign exchange translation	28,076	5,077
Cash and cash equivalents at the beginning of the period	164,901	234,445
Cash and cash equivalents at the end of the period	50,302	205,068
Breakdown of cash and cash equivalents at the end of the period:-		
Short term deposits	178,764	246,334
Cash and bank balances	(17,722)	72,025
	161,042	318,359
Less: Deposits pledged as security	(110,740)	(113,291)
Cash and cash equivalents	50,302	205,068

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2017 and the accompanying notes attached to this interim financial report).



A. NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 (MFRS 134): INTERIM FINANCIAL REPORTING

A1. Basis of reporting preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard 134 (MFRS134), *Interim Financial Reporting* and with IAS 34, *Interim Financial Reporting* and Appendix 9B part A of the Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial report.

A2. Changes in Accounting policies

A2.1 Adoption of Accounting Standards, Amendments and Interpretations

The significant accounting policies adopted in the preparation of these interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2017, except for the adoption of the following Accounting Standards, Amendments and Interpretations from 1 January 2018:

MFRS/ Amendment/ Interpretation	Effective date
MFRS 9, <i>Financial Instruments</i> (2014)	1 January 2018
MFRS 15, <i>Revenue from Contracts with Customers</i> Clarifications to MFRS 15, <i>Revenue from Contracts with Customers</i>	1 January 2018
IC Interpretation 22, <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 1, <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)</i>	1 January 2018
Amendments to MFRS 2, <i>Share-based payment- Classification and Measurement of Share-based Payment Transaction</i>	1 January 2018
Amendments to MFRS 4, <i>insurance Contracts-Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	1 January 2018
Amendments to MFRS 128, <i>Investments in Associates and Joint Venture (Annual Improvements to MFRS Standards 2014-2016 Cycle)</i>	1 January 2018
Amendments to MFRS 140, <i>Investment Property – Transfers of Investment Property</i>	1 January 2018

The adoption of the above Accounting Standards, Amendments and Interpretations does not have a material impact on the financial statements of the Group and the Company.

**A2. Changes in Accounting policies (Cont'd)****A2.2 Accounting Standards, Amendments and Interpretations issued but not yet effective**

MFRS/ Amendment/ Interpretation	Effective date
MFRS 16, <i>Leases</i>	1 January 2019
IC Interpretation 23, <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 3, <i>Business Combinations</i> (<i>Annual Improvements to MFRS Standards 2015-2017 Cycle</i>)	1 January 2019
Amendments to MFRS 9, <i>Financial Instruments – Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 11, <i>Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)</i>	1 January 2019
Amendments to MFRS 112, <i>Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)</i>	1 January 2019
Amendments to MFRS 123, <i>Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)</i>	1 January 2019
Amendments to MFRS 128, <i>Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 119, <i>Employee Benefits-Plan Amendment, Curtailment or Settlement</i>	1 January 2019
MFRS 17, <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10, <i>Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

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A2. Changes in Accounting policies (Cont'd)

A2.2 Accounting Standards, Amendments and Interpretations issued but not yet effective

The Group and the Company plan to apply:

- from the annual period beginning on 1 January 2019, those accounting standards, amendments or interpretations that are effective for annual period beginning on or after 1 January 2019, except for Amendments to MFRS 11 and Amendments to MFRS 128, which are assessed as presently not applicable to the Group.
- from the annual period beginning 1 January 2021 for MFRS 17, which is assessed as presently not applicable to the Group.

The initial application of the above accounting standards, amendments or interpretations is not expected to have any material financial impacts on the financial statements of the Group for the current and prior periods except as mentioned below:

(i) MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 15, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transaction Involving the Legal Form of a Lease*.

The adoption of MFRS 16 will result in a change in accounting policies. The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

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**A2. Changes in Accounting policies (Cont'd)****A2.3 MFRS 9, *Financial Instruments***

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

Impairment of financial assets-trade receivables

The Group considers the model and assumption used in calculating the Expected Credit Loss (“ECL”) as key sources of estimation uncertainty and has elected to measure loss allowances for trade receivable at an amount equal to lifetime ECLs. This ECL method takes into account all possible default events over the expected life of a financial instrument.

The Group’s credit exposures are based on common credit risk characteristics which includes but not limited to the trade receivables’ ageing profile, delinquency status, geographic region, and age of relationship. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 365 days past due and considers a financial asset to be in default when the trade receivable is unlikely to pay its credit obligations to the Group in full.

Based on the current assessment, the Group has determined that the application of MFRS 9 at 1 January 2018 does not have any material financial impacts in the current quarter ended 31 March 2018. An impairment allowance of RM0.3 million has been accounted for as a specific provision for impairment loss in the current quarter ended 31 March 2018.

A2.4 MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue Barter Transactions Involving Advertising Services*.

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**A2. Changes in Accounting policies (Cont'd)****A2.4 MFRS 15, Revenue from Contracts with Customers (Cont'd)**

The details of the new significant accounting policies and the nature of the changes to the previous accounting policies in relation to Group's various services are set out below.

Type of services	Nature, timing of satisfaction of performance obligations, significant payment terms	Nature of change in accounting policy
Schedule of rates	Revenue is recognised when the performance obligations are satisfied over time. Invoices are issued at month end and payable within 30 to 60 days.	MFRS 15 did not have a significant impact on the Group's accounting policies.
Lump sum	Revenue is recognised when the performance obligations are satisfied over time. Invoices are issued at month end and payable within 30 to 60 days.	MFRS 15 did not have a significant impact on the Group's accounting policies.
Cost plus	Revenue is recognised at the point of time when the goods are delivered. Invoices are generated at month end and payable within 30 to 60 days	MFRS 15 did not have a significant impact on the Group's accounting policies.
Chartering of vessels	Revenue is recognised when the performance obligations are satisfied over time. Invoices are issued at month end and payable within 30 to 60 days.	MFRS 15 did not have a significant impact on the Group's accounting policies.
Mobilisation and demobilisation	Revenue is recognised at the point of time when the service is provided. Invoices are generated at month end and payable within 30 to 60 days	MFRS 15 did not have a significant impact on the Group's accounting policies.
Rental	Revenue is recognised over time as the service is provided. Invoices are issued on monthly basis and payable within 30 to 60 days	MFRS 15 did not have a significant impact on the Group's accounting policies.
Management fees	Revenue is recognised over time as the service is provided. Invoices are issued on monthly basis and payable within 30 to 60 days	MFRS 15 did not have a significant impact on the Group's accounting policies.
Others	Revenue is recognised at the point of time when the service is provided. Invoices are generated at month end and payable within 30 to 60 days	MFRS 15 did not have a significant impact on the Group's accounting policies.

**A3. Auditors' report**

There was no qualification on the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

A4. Profit/(loss) for the period

	Current quarter ended (unaudited)	Corresponding quarter ended (unaudited)	Current period-to-date (unaudited)	Corresponding period-to-date (unaudited)
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
	RM'000	RM'000	RM'000	RM'000
Loss for the period is arrived at after charging/(crediting):				
Amortisation of intangible assets	3,123	3,318	3,123	3,318
Depreciation of property, plant and equipment	29,472	34,669	29,472	34,669
Allowance for impairment loss on receivables	297	-	297	-
Realised (gain)/ loss on foreign exchange	(907)	2,070	(907)	2,070
Unrealised loss/(gain) on foreign exchange	29,417	6,032	29,417	6,032

Save for the above, there were no allowance for impairment loss on property, plant and equipment, write off of inventories, gain or loss on disposal of quoted or unquoted investments or properties and material exceptional items that are included in the profit of the Group for the current quarter ended 31 March 2018.

A5. Seasonal or cyclical factors

Seasonality due to weather is not foreseen to affect the Group's vessel chartering operations. However, the offshore topside maintenance operations are normally affected by bad weather at the beginning and the end of the year and this factor has been taken into consideration in the Group's annual business plan.

A6. Items of unusual nature and amount

There were no items affecting the assets, liabilities, equity, net income or cash flows of the Group that are unusual because of their nature, size or incidence for the current quarter, except for the other comprehensive expense arising from realised/unrealised foreign exchange loss and foreign currency translation of investment in Labuan subsidiaries denominated in US Dollars.

During the current quarter, the other expenses comprise of unrealised foreign exchange loss of RM29.4 million and realised foreign exchange gain of RM0.9 million whereas the other comprehensive expenses arising from foreign currency translation amounted to losses of RM23.2 million

A7. Material changes in estimates

There were no changes in the estimates of amounts reported in the current quarter and financial period to-date.



A8. Issuances, cancellations, repurchase, resale and repayments of debt and equity securities

There were no issuance and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter.

In accordance with Section 618 of the Companies Act 2016, any amount standing to the credit of the share premium account and the capital redemption reserve has become part of the Company's share capital. The Company has 24 months upon the commencement of the Companies Act 2016 on 31 January 2017 to utilize the credit.

A9. Dividend

No dividend has been declared or paid during the current quarter ended 31 March 2018.

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**A10. Segmental information**

The Group is organized into the following operating segments:-

1. Investment holding
2. Offshore Topside Maintenance Services (“Offshore TMS”)
3. Charter of Marine Vessels (“Marine Charter”)
4. Rental of offshore equipment (“Equipment Rental”)

A10.1 Business Segment

Current quarter ended 31 March 2018	Investment Holding RM'000	Offshore TMS RM'000	Marine Charter RM'000	Equipment Rental RM'000	Total RM'000	Adjustments RM'000	Consolidated RM'000
Revenue							
External revenue	-	137,460	11,322	-	148,782	-	148,782
Inter-segment revenue	1,259	-	17,160	2,741	21,160	(21,160)	-
Total revenue	1,259	137,460	28,482	2,741	169,942	(21,160)	148,782
Results							
Segment results	173	43,270	(53,742)	(595)	(10,894)	(3,123)	(14,017)
Finance costs	(7,854)	(563)	(14,917)	-	(23,334)	-	(23,334)
Finance income	142	546	648	36	1,372	-	1,372
Loss before tax	(7,539)	43,253	(68,011)	(559)	(32,856)	(3,123)	(35,979)
Income tax expense							(11,670)
Loss after tax							(47,649)

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**A10. Segmental Information (Cont'd)****A10.1 Business Segment (Cont'd)**

Corresponding quarter ended 31 March 2017	Investment Holding RM'000	Offshore TMS RM'000	Marine Charter RM'000	Equipment Rental RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
External revenue	-	105,330	12,580	-	117,910	-	117,910
Inter-segment revenue	1,265	-	14,671	2,383	18,319	(18,319)	-
Total revenue	1,265	105,330	27,251	2,383	136,229	(18,319)	117,910
Results							
Segment results	(104)	26,371	(34,729)	(1,925)	(10,387)	(3,318)	(13,705)
Finance costs	(8,460)	(616)	(16,226)	-	(25,302)	-	(25,302)
Finance income	202	1,294	696	62	2,254	-	2,254
Profit before tax	(8,362)	27,049	(50,259)	(1,863)	(33,435)	(3,318)	(36,753)
Income tax expense							(6,741)
Profit after tax							(43,494)

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**A10. Segmental Information (Cont'd)****A10.2 Segment Assets and Liabilities**

As at 31 March 2018	Investment Holding RM'000	Offshore TMS RM'000	Marine Charter RM'000	Equipment Rental RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
Segment assets	850,601	459,535	1,540,505	51,732	2,902,373	(392,772)	2,509,601
Deferred tax assets	-	-	23,235	(1,717)	21,518	-	21,518
Current tax assets	-	-	3,663	-	3,663	-	3,663
Total assets	850,601	459,535	1,567,403	50,015	2,927,554	(392,772)	2,534,782
Segment liabilities	221,615	(11,884)	829,995	9,738	1,049,464	346,998	1,396,462
Deferred tax liabilities	-	3,769	56,323	(767)	59,325	-	59,325
Total liabilities	221,615	(8,115)	886,318	8,971	1,108,789	346,998	1,455,787

As at 31 March 2017	Investment Holding RM'000	Offshore TMS RM'000	Marine Charter RM'000	Equipment Rental RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
Segment assets	1,104,589	445,184	2,016,509	52,691	3,618,973	(647,036)	2,971,937
Deferred tax assets	-	-	15,143	(1,717)	13,426	-	13,426
Current tax assets	-	-	7,614	-	7,614	-	7,614
Total assets	1,104,589	445,184	2,039,266	50,974	3,640,013	(647,036)	2,992,977
Segment liabilities	567,477	89,571	1,019,549	10,367	1,686,964	62,928	1,749,892
Deferred tax liabilities	-	4,727	3,126	-	7,853	9,524	17,377
Total liabilities	567,477	94,298	1,022,675	10,367	1,694,817	72,452	1,767,269

**A11. Disaggregation of Revenue**

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers, except for immaterial amounts related to hedge accounting.

The nature and effect of initially applying MFRS 15 on the Group's interim financial statements are disclosed in note A2.4. In the following table, revenue is disaggregated by type of services within the Group's operating segments.

	Current quarter ended	Corresponding quarter ended
	31-Mar-18 RM'000	31-Mar-17 RM'000
Type of services		
Topside maintenance services		
Schedule of rates	124,962	97,539
Lump sum	12,498	7,791
Marine offshore support services		
Chartered vessel income	11,322	12,580
	<u>148,782</u>	<u>117,910</u>
Timing of revenue recognition		
Services transferred over time		
Topside maintenance services		
Schedule of rates	124,962	97,539
Lump sum	12,498	7,791
Marine offshore support services		
Chartered vessel income	11,322	12,580
	<u>148,782</u>	<u>117,910</u>

A12. Valuation of goodwill

Under MFRS 136, *Impairment of Assets* the Group is required to annually carry out impairment test on the cash generated units ("CGUs"), of which goodwill is allocated. For the purpose of impairment testing, goodwill is allocated to the Group's operating activities (i.e. marine charter) which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

MFRS 136 states that the annual impairment test for the following items may be performed at any time within an annual reporting period, provided that the test is performed at the same time every year. The Group reassessed the valuation of its CGUs as at 30 September 2017 to determine whether there is any indication that its CGUs may be impaired.

The Group has adopted value-in-use ("VIU") estimations which entail discounting the estimated future cash flows from the continuing use of the CGUs. The recoverable amounts were compared against the carrying amounts of the CGUs. During the current quarter ended 31 March 2018 there was no impairment provided.

**A13. Valuation of property, plant and equipment (“PPE”)**

The Group reassessed its assets (except for inventories, deferred tax assets and financial assets) as at 31 March 2018 to determine whether there is any indication that its assets may be further impaired or recovered.

The Group has adopted value-in-use (“VIU”) estimations which entail discounting the estimated future cash flows from the continuing use of PPE. The recoverable amounts were compared against the carrying amounts of the PPE.

During the current quarter ended 31 March 2018, there was no further allowance for impairment loss nor reversal of impairment loss on PPE.

A14. Capital commitments

As at 31 December 2017, the Group has no outstanding or additional capital commitments which are approved and/or contracted for.

A15. Material events subsequent to the end of year reported

There were no material events subsequent to the current financial quarter ended 31 March 2018 up to 17 May 2018 (not earlier than 7 days from the date of announcement of this interim financial report) that have not been reflected in the financial statements for the current quarter.

A16. Changes in composition of the group

There were no changes in the composition of the Group for the current quarter ended 31 March 2018.

A17. Contingent Liabilities

The following are the contingent liabilities outstanding as at 31 March 2018:

	As at 31-Mar-18
	RM'000
<u>Unsecured:-</u>	
Bank guarantee granted to third parties for the benefit of a subsidiary	4,800
	<u>4,800</u>

Further to the conclusion of the tax audit for Year of Assessment (“YA”) 2007 to YA2010 as disclosed in Note 30 to the audited financial statements for the year ended 31 December 2017, the Inland Revenue Board (IRB) has requested the subsidiary of the Group to revise its tax computations for YA2011 and subsequent years. The subsidiary of the Group has engaged a tax consultant to assist in the matter and assess the tax impacts thereof. In February 2017, The subsidiary of the Group responded to IRB that it disagreed with applying the same computation method used for the earlier tax audit exercise based on reasonable technical grounds. The Group may need to provide for additional tax payable, if any, arising from any revision of the tax computations for YA2011 and subsequent years, the outcome of which cannot be ascertained at this present stage. As at the latest practicable date 17 May 2018, the subsidiary of the Group has not received any response from the IRB to its reply of February 2017.

**A18. Significant Related Party Transactions**

The Group entered into the following transactions with related parties, in addition to compensations to Directors and other key management personnel, during the current quarter:-

Transactions with Directors and a company in which certain Directors have substantial financial interests:-	Nature	Amount for 3 months ended 31 March 2018 RM'000	Unsettled balance as at 31 March 2018 RM'000
Ling Suk Kiong and Joe Ling Siew Loung @ Lin Shou Long	Rental of open yard fabrication facilities with workshop, warehouse and office in Labuan	153	-
Ling Suk Kiong and his spouse Wong Siew Hong	Rental of office in Miri	9	-
Kunci Prima Sdn Bhd (Directors and shareholders are Tengku Yusof Bin Tengku Ahmad Shahrudin, Joe Ling Siew Loung @ Lin Shou Long, Ling Suk Kiong and his spouse Wong Siew Hong)	Rental of office in Miri	186	-
Kunci Prima Sdn Bhd	Rental of office in Petaling Jaya	199	-
Kunci Prima Sdn Bhd	Rental of office in Kuala Baram	68	-
		<u>615</u>	<u>-</u>

In the opinion of the Directors, the above transactions have been entered into in the ordinary course of business and have been established under terms no less favorable than those transacted with unrelated parties.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENTS****B1. Review of Financial Performance**

B1.1 The Group's performance for the current quarter under review versus the corresponding quarter of the previous financial year is tabled below:

	Current Quarter ended 31-Mar-18 RM'000	Corresponding Quarter ended 31-Mar-17 RM'000	Variance	
			RM'000	%
Revenue	148,782	117,910	30,872	26
Gross profit	36,913	20,294	16,619	82
Loss before interest and tax	(14,017)	(13,705)	(312)	2
Loss before tax	(35,979)	(36,753)	774	(2)
Loss after tax	(47,649)	(43,494)	(4,155)	10
Loss attributable to ordinary equity Holders of the Parent	(21,307)	(42,583)	21,276	(50)

Comparatively, the Group's revenue for the current quarter ended 31 March 2018 increased by 26% while the group made a loss before tax of RM36.0 million for the current quarter as opposed to loss before tax of RM36.7 million in the corresponding quarter ended 31 March 2017.

The increase in revenue in the current quarter is mainly due to higher work orders received and performed under the topside maintenance services.

Despite that, the Group registered a loss before tax mainly due to net realised/unrealised foreign exchange loss of RM28.5 million as well as impairment loss on receivables of RM0.3 million as compared to net realised/unrealised foreign exchange loss of RM8.1 million in the corresponding quarter.

In the opinion of the Directors, the results for the current quarter have not been affected by any transactions or events of a material nature which have arisen between 31 December 2017 and the date of this report.

**B2. Financial review for current quarter results compared to the results of the immediate preceding quarter**

	Current Quarter ended 31-Mar-18 RM'000	Preceding Quarter ended 31-Dec-17 RM'000	Variance RM'000	%
Revenue	148,782	173,755	(24,973)	(14)
Gross profit	36,913	42,891	(5,978)	(14)
Loss before interest and tax	(14,017)	16,463	(30,480)	(185)
Loss before tax	(35,979)	(6,292)	(29,687)	472
Loss after tax	(47,649)	(59,708)	12,059	(20)
Loss attributable to Ordinary Equity Holders of the Parent	(21,307)	(54,252)	32,945	(61)

In the current quarter, the Group's revenue was 14% lower as compared to the preceding quarter. In the current quarter the Group generated loss before tax of RM36.0 million as compared to loss before tax of RM6.3 million in the preceding quarter.

The decrease in revenue in the current quarter as compared to the immediate preceding quarter is mainly due to lower vessel utilisation rate and lower work orders from the maintenance contracts.

The loss before tax of RM36.0 million in the current quarter is mainly attributed to net realised/unealised foreign exchange loss of RM28.5 million and as well as impairment loss on receivables of RM0.3 million as opposed to reversal of impairment loss on property, plant and equipment of RM17.4 million and net realised/unrealised foreign exchange loss of RM19.6 million in the preceding quarter.

The loss after tax of RM47.6 million in the current quarter had taken into account of tax expenses amounting to RM11.7 million as compared to tax expenses of RM0.6 million and a deferred tax expenses of RM52.8 million in the immediate preceding quarter.

B3. Prospects

Business activities for the Maintenance, Construction and Modifications Contract (MCM) and Topside Maintenance Services works under the Pan Hook-up and Commissioning Contract (Pan HUC) improved in the first quarter despite the typical cyclical monsoon months as the price of crude oil has gradually increase to above US\$70 per barrel. However, the utilisation rate for the fleet of vessels continued to remain low at 27% in the first quarter. The profits generated from the engineering and maintenance in Dayang was negated largely by the operational loss suffered in Perdana's vessel charter business because of low fleet utilisation and also unrealised translation loss in foreign exchange.

Currently, more vessels are employed and the Group is confident of a better 2Q and 3Q, barring unforeseen circumstances. As for the engineering and maintenance contracts, the Group will continue to leverage on its balance order book of about RM2.0 billion especially within the core competencies of MCM/HUC/EPCC for the remaining of this year and until 2022. Presently, activities for all the Dayang contracts are ramping high and this should continue through to the end of 2018.

**B3. Prospects (Cont'd)**

The Group has participated in the Pan MCM tenders and is currently awaiting the results where we are expecting to win a fair share of the estimated RM8.0 billion of jobs that are on offer. Any successful win in this should see a replenishment of the Group's order book for a further five years. Though we cannot predict the outcome of these tenders, the Group has always demonstrated operational track record and has a clear market leadership in the Brownfield services segment.

Amidst all the challenges and a difficult oil and gas industry, the Board remains vigilant and will continue to exercise due care and prudence in the running and administration of the company's business.

B4. Profit forecast and profit guarantee

There was no profit guarantee issued by the Group.

B5. Income tax expense

	Current quarter ended 31-Mar-18 RM'000	Corresponding quarter ended 31-Mar-17 RM'000	Current period- to-date 31-Mar-18 RM'000	Corresponding period-to-date 31-Mar-17 RM'000
Malaysian income tax				
Current year	11,670	6,741	11,670	6,741

Despite the consolidated loss for the current quarter and consolidated loss for financial period-to-date, the Group still incurs a tax charge of RM11.7 million as the losses incurred by certain group entities cannot be offset against the taxable profits made by other group entities.

B6. Profit from sale of unquoted investments and/or properties

There were no disposals of unquoted investments and properties for the current quarter.

B7. Quoted securities**Movement in unit trusts:**

	Current quarter ended 31-Mar-18 RM'000	Cummulative Year-to-date 31-Mar-18 RM'000
At beginning of the period	1,543	1,543
Change in fair value	13	13
At end of the period	1,556	1,556
Market value	1,556	1,556



B8. Status of corporate proposal

(i) Proposed Private Placement

The subsidiary of the Group, Perdana Petroleum Bhd (“PPB”) on 16 May 2017 made an announcement proposing to undertake a private placement of up to 10% of the total number of issued shares of PPB (“Proposal”) to improve its public shareholding spread as well as to raise funds for working capital and partially repay bank borrowings.

On 14 December 2017, Bursa Securities had granted its approval for the listing of and quotation for up to 77,487,094 new shares on the Main Market Listing Requirements (“MMLR”), subject to the Company ensuring full compliance of all the requirements as provided under MMLR at all times.

Save for the above, there was no corporate proposal announced or not completed by the Group as at the latest practicable date of 17 May 2018.

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**B9. Group borrowings**

Total Group's borrowings as at 31 March 2018 were as follows:

	As at 31-Mar-18		As at 31-Dec-17	
	USD'000	RM'000	USD'000	RM'000
Current				
Secured				
Sukuk	-	521,230	-	518,797
Term loans	-	244,610	-	270,523
Term loans	18,656	72,087	20,832	82,830
Finance lease liabilities	3,264	12,679	3,207	13,124
Revolving credit		150,000		150,000
Unsecured				
Revolving credit	-	73,000	-	96,000
	21,920	1,073,606	24,039	1,131,274
Non-current				
Secured				
Sukuk	-	-	-	-
Term loans	-	33,068	-	35,948
Term loans	-	-	-	-
Finance lease liabilities	27,109	104,748	27,935	113,526
	27,109	137,816	27,935	149,474
Total	49,029	1,211,422	51,974	1,280,748

Exchange rate (USD: MYR):

USD1: MYR3.864

USD1: MYR4.0640

Source of reference: Bank Negara Malaysia website

As at 31 March 2018, the total outstanding borrowings have reduced to RM1.2 billion as compared to RM1.3 billion as at 31 December 2017 mainly due to repayment of term loans and finance lease liabilities.

In addition, the Group has not met certain covenants of 4 term loans and the Sukuk bond with a total carrying amount of RM849.2 million as at 31 March 2018. As a result, the non-current portions of these term loans and Sukuk bond of RM666.3 million have been reclassified to current liabilities as at 31 March 2018.

The Sukuk bond, finance lease liabilities, MYR denominated term loans and revolving credits are based on floating interest rate whereas the USD denominated term loans are based on fixed interest rate.

**B10. Material litigation**

As at 17 May 2018, (not earlier than 7 days from the date of announcement of this interim financial report), our Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant except for the following:

B10.1 Arbitration Between Nam Cheong International Limited (Claimant) and Petra Offshore Limited (Respondent)

In relation to the proposed acquisition of two units of 500-men accommodation workbarges, identified as Vessel Hull No. SK316 and SK317 from Nam Cheong International Limited (“NCIL”) at a consideration of USD84.0 million, the Company’s subsidiary, Petra Offshore Limited (“POL”) had on 1 December 2016 sent a notification to NCIL of the cancellation of the Memorandum of Agreement (“MoA”) on the acquisition of the accommodation work barge identified as Vessel Hull No. SK317 (“Vessel”) as NCIL had not fulfilled the condition of delivery of the Vessel in accordance with the terms and conditions of the MoA. Accordingly, POL had sought for the immediate return of the deposit paid of USD8.4 million (“Deposit”), as advised by the legal counsel.

On 5 December 2016, POL received a letter from NCIL stating that POL has no right to cancel the MoA and in view thereof had breached the terms of the MoA. NCIL had consequently treated the MoA as terminated and had forfeited the Deposit.

Notwithstanding the above claims by NCIL, POL had on 9 December 2016 through its solicitors issued a letter of demand to NCIL for the return of the Deposit.

On 22 December 2016, POL received from the solicitors of NCIL a Notice of Arbitration dated 22 December 2016 that NCIL has filed with the Kuala Lumpur Regional Centre for Arbitrations as Claimant against POL as the Respondent in respect of disputes arising out of the MoA for the sale and purchase of one unit 500-men accommodation work barge (Hull No. SK317) dated 23 June 2014 as amended by the Addendum No. 1 dated 27 May 2015.

NCIL is seeking, inter alia, the relief that POL’s purported termination of the MoA on 1 December 2016 was wrongful and unwarranted and the forfeiture of the 20% deposit amounting to USD8.4 million together with damages arising from failure and/or refusal and/or neglect of POL to take delivery of the Vessel.

On 18 January 2017, POL had via its solicitors issued a Response to Notice of Arbitration to NCIL. POL’s Response to Notice of Arbitration counterclaimed that NCIL’s claim against POL is misconceived and erroneous as the Vessel was not in every respect physically ready for delivery and therefore the relief or remedy sought by NCIL did not arise and the cancellation of the MoA by POL was valid. Hence, POL continued to seek the immediate release of the deposit paid. Both NCIL and POL have since nominated their respective arbitrators and paid the initial deposit for the arbitration.

On 18 July 2017, NCIL had submitted its Claimant’s Statement of Claim to the Kuala Lumpur Regional Centre for Arbitration. POL subsequently file its Respondent’s Statement of Defence and Counterclaim on 17 August 2017.

To date, the arbitrators have yet fixed the hearing date.

**B11. Dividend**

No dividend was proposed or declared during the quarter under review.

B12. Loss per share

Basic Loss Per Share	Current Quarter Ended 31-Mar-18	Corresponding Quarter Ended 31-Mar-17	Cumulative Period Ended 31-Mar-18	Corresponding Period Ended 31-Mar-17
Loss for the period attributable to Owners of the Company (RM'000)	(21,307)	(42,583)	(21,307)	(42,583)
Weighted average number of ordinary shares in issue ('000)	964,810	877,100	964,810	877,100
Basic loss per share (sen)	(2.21)	(4.85)	(2.21)	(4.85)

B13. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 May 2018.