



**QUARTERLY REPORT
FOR THE SECOND (2nd) QUARTER ENDED
31 DECEMBER 2017**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR
THE SECOND QUARTER ENDED 31 DECEMBER 2017**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|------------------|--|-----------------|
| | Current Corresponding Quarter Ended | Quarter Ended | Current Corresponding Period Ended | Period Ended |
| | 12/31/2017 | 12/31/2016 | 12/31/2017 | 12/31/2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 40,253 | 31,323 | 64,988 | 64,169 |
| Cost of sales | (40,377) | (30,457) | (61,538) | (58,381) |
| Gross profit | (124) | 866 | 3,450 | 5,788 |
| Other income | 1,108 | 1,384 | 1,515 | 2,079 |
| Administrative expenses | (1,694) | (1,963) | (3,580) | (3,947) |
| Other expenses | (1,082) | (821) | (1,846) | (1,378) |
| Finance costs | (1,396) | (1,775) | (2,855) | (3,429) |
| Share of profit/(loss) from a joint venture | (108) | - | (52) | 349 |
| (Loss)/Profit before taxation | (3,297) | (2,309) | (3,368) | (538) |
| Income tax expense | (342) | (152) | (453) | (289) |
| (Loss)/Profit after taxation for the period | (3,639) | (2,461) | (3,822) | (827) |
| <u>Other Comprehensive Income:</u> | | | | |
| Item that will be classified subsequently to profit or loss: | | | | |
| Fair value changes in short term investment | 3 | 1 | (11) | 1 |
| Total comprehensive (expenses)/income for the period | (3,636) | (2,460) | (3,833) | (826) |
| (Loss)/Profit attributable to: | | | | |
| Owners of the Company | (3,606) | (2,587) | (3,884) | (942) |
| Non-controlling interest | (33) | 126 | 62 | 115 |
| | (3,639) | (2,461) | (3,822) | (827) |
| Total comprehensive (expenses)/income attributable to: | | | | |
| Owners of the Company | (3,603) | (2,586) | (3,895) | (941) |
| Non-controlling interest | (33) | 126 | 62 | 115 |
| | (3,636) | (2,460) | (3,833) | (826) |
| Earnings per share attributable to equity holders of the company (sen): | | | | |
| - Basic | (1.54) | (1.11) | (1.66) | (0.40) |
| - Diluted | N/A | N/A | N/A | N/A |

Notes: These Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim Financial Statements.



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

| | Unaudited As at 12/31/2017 RM'000 | Audited As at 6/30/2017 RM'000 |
|---|--|---|
| ASSETS | | |
| Property, plant and equipment | 135,148 | 138,255 |
| Investment in joint venture | 5,218 | 5,170 |
| Other investment | 50 | 50 |
| TOTAL NON-CURRENT ASSETS | 140,416 | 143,475 |
| Contract assets | 2,370 | 8,938 |
| Trade receivables | 30,254 | 24,106 |
| Other receivables, deposit and prepayment | 8,850 | 2,102 |
| Amount owing by joint venture | 2,130 | 2,580 |
| Tax recoverable | 4,479 | 4,319 |
| Short term Investments | 29,762 | 36,655 |
| Fixed deposits with licensed banks | 30,347 | 33,849 |
| Cash and bank balances | 14,744 | 10,560 |
| TOTAL CURRENT ASSETS | 122,936 | 123,109 |
| TOTAL ASSETS | 263,352 | 266,584 |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Share capital | 116,939 | 116,939 |
| Share premium | 32,429 | 32,429 |
| Reserves | 5,558 | 9,453 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | 154,926 | 158,821 |
| Non-controlling interests | 1,377 | 1,315 |
| TOTAL EQUITY | 156,303 | 160,136 |
| LIABILITIES | | |
| Loan and borrowings | 57,151 | 64,809 |
| Deferred taxation | - | - |
| TOTAL NON-CURRENT LIABILITIES | 57,151 | 64,809 |
| Trade payables | 18,507 | 11,942 |
| Other payables and accruals | 14,551 | 12,788 |
| Provision for taxation | 969 | 736 |
| Short term borrowings | 15,871 | 16,173 |
| TOTAL CURRENT LIABILITIES | 49,898 | 41,639 |
| TOTAL LIABILITIES | 107,049 | 106,448 |
| TOTAL EQUITY AND LIABILITIES | 263,352 | 266,584 |
| NET ASSETS PER SHARE (SEN) | 66.24 | 67.91 |

Notes : These Condensed Consolidated Financial Position should be read in conjunction with the accompanying explanatory notes attached to these interim Financial Statements.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 DECEMBER 2017

| | -----Attributable to the owners of the Company----- | | | | | | | | |
|---|---|-------------------------|---------------------------|--------------------------|------------------------------|----------------------------|-----------------|--------------------|------------------------|
| | Non - Distributable | | | | Distributable | | | Non-Controlling | |
| | Share Capital RM'000 | Share Premium RM'000 | Capital Reserve RM'000 | Merger Deficit RM'000 | Fair Value Reserve RM'000 | Retained Profits RM'000 | Total RM'000 | Interest RM'000 | Total Equity RM'000 |
| As at 1 July 2017 | 116,939 | 32,429 | 17 | (80,802) | (4) | 90,242 | 158,821 | 1,315 | 160,136 |
| (Loss)/Profit for the financial period | - | - | - | - | - | (3,884) | (3,884) | 62 | (3,822) |
| Other comprehensive income for the period | | | | | | | | | |
| - Fair value changes of available for sale financial assets | - | - | - | - | (11) | | (11) | - | (11) |
| Total comprehensive income/(expenses) for the period | - | - | - | - | (11) | (3,884) | (3,895) | 62 | (3,833) |
| As at 31 December 2017 | 116,939 | 32,429 | 17 | (80,802) | (15) | 86,358 | 154,926 | 1,377 | 156,303 |
| As at 1 July 2016 | 116,939 | 32,429 | 17 | (80,802) | 2 | 94,482 | 163,067 | - | 163,067 |
| Profit/(Loss) for the financial period | - | - | - | - | - | (4,263) | (4,263) | 570 | (3,693) |
| Other comprehensive income for the period | | | | | | | | | |
| Fair value changes of available for sale financial assets | - | - | - | - | (6) | | (6) | - | (6) |
| Total comprehensive income/(expenses) for the period | - | - | - | - | (6) | (4,263) | (4,269) | 570 | (3,699) |
| Contributions by and distributions to owners of the Company: | | | | | | | | | |
| - Acquisition of a subsidiary | - | - | - | - | - | - | - | 568 | 568 |
| - Issuance of shares in a subsidiary to non-controlling interest | - | - | - | - | - | - | - | 200 | 200 |
| - Dividend | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | 768 | 768 |
| Changes in a subsidiary's ownership interests that do not result in loss of control | - | - | - | - | - | 23 | 23 | (23) | - |
| Total transaction with owners | - | - | - | - | - | 23 | 23 | 745 | 768 |
| As at 30 Jun 2017 | 116,939 | 32,429 | 17 | (80,802) | (4) | 90,242 | 158,821 | 1,315 | 160,136 |

Notes: These Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these interim Financial Statements.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR
THE SECOND QUARTER ENDED 31 DECEMBER 2017**

| | Unaudited Year Ended 12/31/2017 RM'000 | Audited Year Ended 6/30/2017 RM'000 |
|--|---|--|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before taxation | (3,368) | (3,516) |
| Adjustments for:- | | |
| Depreciation of property, plant and equipment | 3,457 | 7,163 |
| Gain on disposal of property, plant and equipment | - | (52) |
| Impairment on trade receivables | - | 444 |
| Interest expense | 2,855 | 6,498 |
| Interest income | (1,088) | (2,175) |
| Gain from Bargain Purchase | - | (15) |
| Impairment loss on property, plant and equipment | - | 2,086 |
| Share of loss/(profit) of joint venture | 52 | (102) |
| Unrealised gain on foreign exchange | 180 | (690) |
| Impairment on trade receivables - Write Back | (502) | (74) |
| | <hr/> | <hr/> |
| Operating profit before changes in working capital | 1,586 | 9,567 |
| Changes in trade and other receivables | (7,283) | (55) |
| Changes in trade and other payables | 8,617 | 3,845 |
| Changes in contract assets | 1,618 | 5,415 |
| | <hr/> | <hr/> |
| CASH (FOR)/FROM OPERATIONS | 4,538 | 18,772 |
| Interest paid | (2,855) | (6,498) |
| Tax paid | (380) | (1,972) |
| | <hr/> | <hr/> |
| NET CASH (FOR)/FROM OPERATING ACTIVITIES | 1,303 | 10,302 |
| | <hr/> | <hr/> |
| CASH FLOWS FOR INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (351) | (699) |
| Net cash inflow/(outflow) from acquisition of subsidiaries/Joint Venture | (100) | (128) |
| Sale proceeds from disposal of property, plant & equipment | - | 52 |
| Interest received | 1,088 | 2,175 |
| | <hr/> | <hr/> |
| NET CASH FOR INVESTING ACTIVITIES | 637 | 1,400 |
| | <hr/> | <hr/> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issuance of shares | - | 200 |
| Net increase in placement of pledged deposits | (348) | (8,247) |
| Repayment of borrowings | (7,861) | (13,139) |
| Repayment of hire purchase obligations | (99) | (393) |
| | <hr/> | <hr/> |
| NET CASH FROM FINANCING ACTIVITIES | (8,308) | (21,579) |
| | <hr/> | <hr/> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | (6,368) | (9,877) |
| Effect on Foreign Exchange Translation | (191) | 684 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | 53,115 | 62,308 |
| | <hr/> | <hr/> |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 46,556 | 53,115 |



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR
THE SECOND QUARTER ENDED 31 DECEMBER 2017 (CONT'D)

| | Unaudited Year Ended 12/31/2017 <u>RM'000</u> | Audited Year Ended 6/30/2017 <u>RM'000</u> |
|--|---|--|
| Note: | | |
| Cash and cash equivalents comprise of: | | |
| Fixed deposits with licensed banks | | |
| - restricted | 28,297 | 27,949 |
| - non-restricted | 31,812 | 42,555 |
| Cash and bank balances | 14,744 | 10,560 |
| Bank overdraft | - | - |
| | <u>74,853</u> | <u>81,064</u> |
| Less: Deposits pledged to licensed banks | (28,297) | (27,949) |
| | <u>46,556</u> | <u>53,115</u> |

Notes: These Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to these interim Financial Statements.

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A. EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134**A1. Basis of Preparation**

The condensed consolidated 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”).

A2. Changes in Accounting Policies

The significant accounting policies and methods of computation adopted in the preparation of these interim financial statements are consistent with those of the audited financial statements for financial year ended 30 June 2017.

During the current financial period, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

- MFRS 14 Regulatory Deferral Accounts
- Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception
- Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 101: Disclosure Initiative
- Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants
- Amendments to MFRS 127: Equity Method in Separate Financial Statements
- Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of the above accounting standard(s) and/ or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the Group’s interim financial statements.

At the date of authorisation of these interim financial statements, the following accounting standard(s) and/ or interpretation(s) including the consequential amendments, if any) were issued but are not yet effective for the current financial year and have not been applied by the Group:

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A2. Changes in Accounting Policies (CONT'D)

| MFRSs and/or IC Interpretations (Including The Consequential Amendments) | Effective Date |
|---|-----------------------|
| - MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014) | 1 January 2018 |
| - MFRS 16 Leases | 1 January 2019 |
| - MFRS 17 Insurance Contracts | 1 January 2021 |
| - IC Interpretation 22 Foreign Currency Transactions and Advance Consideration | 1 January 2018 |
| - IC Interpretation 23 Uncertainty over Income Tax Treatments | 1 January 2019 |
| - 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 an Investor and its Associate or Joint Venture | Deferred |
| - Amendments to MFRS 107: Disclosure Initiative | 1 January 2017 |
| - Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses | 1 January 2017 |
| - Amendments to MFRS 140: Transfers of Investment Property | 1 January 2018 |
| - Annual Improvements to MFRS Standards 2014 – 2016 Cycles: | 1 January 2017 |
| • Amendments to MFRS 12: Clarification of the Scope of the Standard | |
| - Annual Improvements to MFRS Standards 2014 – 2016 Cycles: | 1 January 2018 |
| • 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 accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:

- (a) MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. The Group is in the process of making an assessment of the financial impact arising from the adoption of MFRS 9 and the extent of the impact has not been determined.

A2. Changes in Accounting Policies (CONT'D)

- (b) MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group anticipates that the application of MFRS 16 in the future may have an impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 16 until the Group performs a detailed review.

A3. Seasonal or Cyclical Factors

Save as disclosed in Note B1 and B2, the results of the Group were not materially affected by any significant seasonal or cyclical factors during the quarter under review ended 31 December 2017.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the quarter under review ended 31 December 2017.

A5. Material Changes in Estimates

There were no changes in estimates that have had a material effect in the quarter under review ended 31 December 2017.

A6. Debts and Equity Securities

There were no other issuances, cancellation, repurchases, resale and repayment of debt and equity securities by the Group during the quarter under review ended 31 December 2017.

A7. Segmental Information

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|-----------------------|--|---|---|--|
| | Unaudited Current Quarter Ended 12/31/2017 RM'000 | Corresponding Quarter Ended 12/31/2016 RM'000 | Unaudited Current Period Ended 12/31/2017 RM'000 | Corresponding Period Ended 12/31/2016 RM'000 |
| REVENUE BY ACTIVITIES | | | | |
| Manpower services | 8,772 | 8,872 | 12,776 | 17,694 |
| Const. HUC & TMM | 28,861 | 16,755 | 43,501 | 39,736 |
| Const. - Civil Works | 2,620 | 5,696 | 8,711 | 6,739 |
| Total | 40,253 | 31,323 | 64,988 | 64,169 |

A8. 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 statement for the period ended 31 December 2017.

A9. Changes in the Composition of the Group

Save as below there were no changes in the composition of the Group during the quarter under review.

On 12 December 2017, Carimin Marine Services Sdn Bhd (“CMS”), acquired an additional 100,000 ordinary shares of RM1 each representing 1% of the issued and paid-up share capital of Synergy Kenyalang Offshore Sdn Bhd (“SKO”) for a total consideration of RM100,000 from Mega Multiform Investments Limited and thereby increasing the stake in SKO to 15%.

On 15 December 2017, Carimin Engineering Services Sdn Bhd (“CES”) has executed a Share Sale Agreement to acquire 100% of the issued and paid up share capital consisting of 900,000 ordinary shares in Fazu Resources (M) Sdn Bhd (“FAZU”) for a total consideration of RM1,600,000 from Noorfauziah Binti Mat Fauzi and Mohd Fauzi Bin Musa. Subject to the fulfilment of the condition precedents, FAZU will become a wholly owned subsidiary of CES.

A10. Contingent Liabilities

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

| | Unaudited | Audited |
|---|-------------------|------------------|
| | As at | As at |
| | 12/31/2017 | 6/30/2017 |
| | RM'000 | RM'000 |
| Corporate guarantee to licensed banks for credit facilities granted to subsidiaries | 72,815 | 83,116 |
| Bank/Performance guarantee extended to third parties | 6,789 | 3,038 |
| Total | 79,604 | 86,154 |

A11. Significant Related Party Transactions

The group enter into the following related party transactions during the quarter under review.

| No. | Related Party | Project | RM |
|------------|----------------------|---|---------------|
| 1 | WHE Bina Sdn Bhd | Dewan Jamuan dan Pejabat dua tingkat at Bandar Baru Bangi | <u>85,390</u> |

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

| | Current Quarter Ended 31-12-17 | Preceding Year Corr. Quarter Ended 31-12-16 | Difference | |
|---|---|--|----------------|--------------|
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 40,253 | 31,323 | 8,930 | 29% |
| - <i>Manpower services ("MPS")</i> | <i>8,772</i> | <i>8,872</i> | <i>(100)</i> | <i>(1%)</i> |
| - <i>Const, HUC & TMM ("CHUCTMM")</i> | <i>28,861</i> | <i>16,755</i> | <i>12,106</i> | <i>72%</i> |
| - <i>Const. Civil Works ("CIVIL")</i> | <i>2,620</i> | <i>5,696</i> | <i>(3,076)</i> | <i>(54%)</i> |
| Operating Profit | (124) | 866 | (990) | (114%) |
| Profit before interest and Tax | (1,793) | (534) | (1,258) | 236% |
| (Loss)/Profit before taxation | (3,297) | (2,309) | (988) | 43% |
| (Loss)/Profit after taxation | (3,639) | (2,461) | (1,179) | 48% |
| Profit/(loss) attributable to Ordinary Equity Holders of the Parent | (3,606) | (2,587) | (1,020) | 39% |

For the current quarter ended 31 December 2017, the Group registered an increase in revenue of RM 8.93 million or 29% over the preceding year's corresponding quarter. Construction, hook up & commissioning and topside major maintenance ("CHUCTMM") had contributed RM 12.11 million or 72% increase in revenue, arising from more activities in Topside Major Maintenance ("TMM") and Engineering, Procurement, Construction, Installation and Commissioning ("EPCIC").

Revenue contribution from MPS remained stable while CIVIL division registered a decrease by RM 3.08 million or 54% as the work progress was affected by weather constraints and client's master work program.

Despite the improved revenue, the Group recorded a pre-tax loss of RM 3.30 million for the current quarter as compared to a pre-tax loss of RM 2.31 million registered in the preceding year corresponding quarter mainly due low demand of vessel utilization. Fixed costs such as depreciation and finance charges continue to be incurred despite the low utilization of vessels impacted the operating profit.

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B2. Comparison with Immediate Preceding Quarter's Results

| | Current Quarter Ended | Preceding Quarter Ended | Difference | |
|--|-----------------------------|-------------------------------|------------|--------|
| | 12/31/2017 RM'000 | 9/30/2017 RM'000 | RM'000 | % |
| Revenue | 40,253 | 24,734 | 15,519 | 63% |
| - <i>Manpower services ("MPS")</i> | 8,772 | 4,003 | 4,769 | 119% |
| - <i>Const, HUC & TMM ("CHUCTMM")</i> | 28,861 | 14,640 | 14,221 | 97% |
| - <i>Const. Civil Works ("CIVIL")</i> | 2,620 | 6,091 | (3,471) | (57%) |
| Operating profit | (124) | 3,573 | (3,697) | (103%) |
| Profit before interest and Tax | (1,793) | 1,331 | (3,124) | (235%) |
| (Loss)/Profit before taxation | (3,297) | (71) | (3,226) | 4521% |
| (Loss)/Profit after taxation | (3,639) | (183) | (3,456) | 1893% |
| Profit/(loss) attributable to Ordinary Equity Holders of the Parent | (3,606) | (277) | (3,329) | 1202% |

For the current quarter under review, the Group's revenue improved by RM 15.52 million or 63% higher as compared to the immediate preceding quarter. Revenue from MPS doubled to RM 8.77 million as more personnel was provided under the Petronas Refinery and Petrochemical ("RAPID") contract. Revenue from CHUCTMM also increased after the commencement of the TMM and EPCIC contracts.

CIVIL division registered a decrease in revenue by RM 3.47 million as its RAPID and West Coast Expressway projects experienced delays due to change in client's masterwork program and weather constraints.

The Group incurred an overall pre-tax loss of RM 3.30 million against pre-tax loss of RM 0.07 million recorded in the immediate preceding quarter due to low demand for both vessels during the monsoon period and with fixed operating costs continue to be incurred.

B3. Current Prospect

The business outlook for the oil & gas industry remains challenging and the Group will continue to actively participate in EPCIC, Platform Decommissioning, Well Plugging & Abandonment and major Blasting & Painting works. Marine utilization is also expected to improve in tandem with the above activities.

Meanwhile, the Civil division will continue to build its capability and expertise in Geotechnical engineering and actively pursue more construction works.

The Management will strive to enhance its capacity building, internal capabilities, work processes and remain focus in achieving sustainable growth and profitability.

B4. Profit Forecast, Profit Guarantee and Internal Targets

The Group did not provide any profit forecast, profit guarantee and internal targets in any public document or any announcements made.

B5. Income Tax Expense

| | <u>INDIVIDUAL QUARTER</u> | | <u>CUMULATIVE QUARTER</u> | |
|----------------------------|---------------------------|-----------------------------|---------------------------|----------------------------|
| | Unaudited | | Unaudited | |
| | Current Quarter Ended | Corresponding Quarter Ended | Current Period Ended | Corresponding Period Ended |
| | 12/31/2017 | 12/31/2016 | 12/31/2017 | 12/31/2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Tax for the current period | 342 | 152 | 453 | 289 |
| Effective Tax Rate | -10% | -7% | -13% | -54% |

The effective tax rate for the financial period ended 31 December 2017 is lower than the statutory tax rate of 24% due to the available unutilized tax losses, unabsorbed capital allowances and subsidiaries incurring losses.

B6. Profit/ (Loss) on Sale of Unquoted Investments and/or Properties

There was no disposal of unquoted investments and/or properties for the current financial period under review.

B7. Purchase or Disposal of Quoted Securities

There were no purchases or disposals of quoted securities for the current financial period under review. The Company/ Group have not held any quoted securities (other than the Company's own shares, if any) as at 31 December 2017.

B8. Status of Corporate Proposals
i. Status of Corporate Proposals

There is no pending corporate proposal as at the date of this report.

ii. Utilisation of Listing Proceeds

| Detail of Utilisation | <u>Proposed</u> | <u>Actual</u> | <u>Balance Unutilised</u> | | <u>Intended timeframe for utilisation</u> |
|---------------------------------------|--------------------|--------------------|---------------------------|------------|---|
| | <u>Utilisation</u> | <u>Utilisation</u> | <u>RM'000</u> | <u>%</u> | |
| | RM'000 | RM'000 | RM'000 | % | |
| Purchase of offshore support vessel | 35,320 | 35,320 | - | - | |
| Development of minor fabrication yard | 12,000 | 1,722 | 10,278 | 86% | next 12 months |
| Repayment of bank borrowings | 8,000 | 8,000 | - | - | |
| Working capital | 7,950 | 7,950 | - | - | |
| Estimated listing expenses | 3,500 | 3,500 | - | - | |
| Total | 66,770 | 56,492 | 10,278 | 15% | |

B9. Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2017 were as follows:-

| | As at 2nd quarter ended FY 2018 | | |
|------------------------|---------------------------------|-----------------|-----------------|
| | Long Term | Short Term | Total Borrowing |
| | RM Denomination | RM Denomination | RM Denomination |
| Secured | | | |
| Term Loan | 56,865 | 15,723 | 72,588 |
| Hire purchase payables | 286 | 148 | 434 |
| Total | 57,151 | 15,871 | 73,022 |

| | As at 2nd quarter ended FY 2017 | | |
|------------------------|---------------------------------|-----------------|-----------------|
| | Long Term | Short Term | Total Borrowing |
| | RM Denomination | RM Denomination | RM Denomination |
| Secured | | | |
| Term Loan | 72,278 | 16,027 | 88,305 |
| Hire purchase payables | 440 | 229 | 669 |
| Total | 72,718 | 16,256 | 88,974 |

B10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as at the date of this report.

B11. Material Litigation

There is no material litigation pending on the date of this announcement.

B12. Proposed Dividends

No dividend was declared or recommended by the Board of Directors during the current quarter under review ended 31 December 2017.

B13. Earnings Per Share

The basic earnings per share is arrived at by dividing the Group's profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial period, as follows:-

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---------------------------------|-----------------------------|--------------------------------|----------------------------|
| | Unaudited Current Quarter Ended | Corresponding Quarter Ended | Unaudited Current Period Ended | Corresponding Period Ended |
| | 12/31/2017 | 12/31/2016 | 12/31/2017 | 12/31/2016 |
| Basic Earnings Per Share | | | | |
| Net profit attributable to owners of the Company (RM'000) | (3,606) | (2,587) | (3,884) | (942) |
| Weighted average number of ordinary shares in issue ('000) | 233,878 | 233,878 | 233,878 | 233,878 |
| Basic earnings per share (sen) | (1.54) | (1.11) | (1.66) | (0.40) |

The diluted earnings per share is equal to the basic earnings per share.

B14. Realised and Unrealised profits/ (losses)

The following analysis of realised and unrealised profits/ (losses) is prepared pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Listing Requirements and in accordance with the Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

| | Unaudited As at 9/30/2017 RM'000 | Audited As at 6/30/2017 RM'000 |
|---|---|---|
| Total retained profits of the Company and its subsidiaries: | | |
| -realised | 70,901 | 74,293 |
| -unrealised | (182) | 690 |
| | <u>70,719</u> | <u>74,983</u> |
| Total share of retained profits of joint venture: | | |
| -realised | 5,317 | 5,368 |
| -unrealised | (1,598) | (1,598) |
| | <u>3,718</u> | <u>3,770</u> |
| Less: Consolidation adjustments | 11,920 | 11,489 |
| | <u>86,358</u> | <u>90,242</u> |
| Total group retained profits as per consolidated financial statements | <u>86,358</u> | <u>90,242</u> |

B15. Notes to the Condensed Consolidated Statements of Income

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|--|--|---|---|
| | Unaudited Current Quarter Ended 12/31/2017 RM'000 | Corresponding Quarter Ended 12/31/2016 RM'000 | Unaudited Current Year Ended 12/31/2017 RM'000 | Corresponding Year Ended 12/31/2016 RM'000 |
| (Loss)/Profit before taxation is arrived at after charging/(crediting): | | | | |
| Other operation income: | | | | |
| - Interest income | (653) | (589) | (1,088) | (986) |
| - Rental income | (17) | (17) | (33) | (33) |
| Unrealised gain on foreign exchange | 120 | (262) | 180 | (952) |
| Realised loss/(gain) on foreign exchange | (12) | (83) | (27) | (61) |
| Interest expense | 1,396 | 1,775 | 2,855 | 3,429 |
| Depreciation | 1,728 | 1,729 | 3,457 | 3,553 |
| Impairment loss on property, plant and equipment | 35 | - | - | - |
| Impairment on trade receivable - write back | (502) | - | (502) | - |

B16. Authorisation for Issue

The interim financial statements were authorised for issuance by the Board of Directors on **23 February 2018**.