

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2018

	Note	--- Individual Quarter ---		--- Cumulative Quarter ---	
		Unaudited Current year quarter 3 Months 31.12.2018 RM'000	Unaudited Preceding year quarter 3 Months 31.12.2017 RM'000	Unaudited Current year to date 12 Months 31.12.2018 RM'000	Audited Preceding year to date 12 Months 31.12.2017 RM'000
Revenue	A9	70,252	78,679	243,253	310,936
Cost of sales		(62,832)	(87,571)	(241,203)	(400,786)
Gross profit/(loss)		7,420	(8,892)	2,050	(89,850)
Other income		706	1,633	11,467	4,428
Administrative and other expenses		(15,546)	(63,347)	(51,001)	(116,669)
Finance costs		(3,420)	(4,451)	(13,612)	(14,638)
Loss before taxation	B5	(10,840)	(75,057)	(51,096)	(216,729)
Income tax (expense)/credit	B6	(10,256)	1,199	(10,513)	(25)
Loss after taxation		(21,096)	(73,858)	(61,609)	(216,754)
Other comprehensive income					
Foreign currency translation		41	(977)	(687)	(3,864)
Other comprehensive income/(expenses) for the period		41	(977)	(687)	(3,864)
Total comprehensive expenses		(21,055)	(74,835)	(62,296)	(220,618)
Loss after tax attributable to:					
- Owners of the Company		(21,096)	(73,833)	(61,581)	(216,704)
- Non-controlling interests		-	(25)	(28)	(50)
		(21,096)	(73,858)	(61,609)	(216,754)
Total comprehensive expenses attributable to:					
- Owners of the Company		(21,055)	(74,815)	(62,266)	(220,577)
- Non-controlling interests		-	(20)	(30)	(41)
		(21,055)	(74,835)	(62,296)	(220,618)
Basic weighted average no. of ordinary shares ('000)		828,153	825,587	828,153	825,587
Earnings per share (sen):					
- Basic	B11(a)	(2.55)	(8.94)	(7.44)	(26.25)
- Diluted	B11(b)	(2.55)	(8.60)	(7.44)	(25.25)

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 ("FYE 2017") and the accompanying explanatory notes attached to these interim financial statements.

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

	Note	Unaudited As at 31.12.2018 RM'000	Audited As at 31.12.2017 RM'000
ASSETS			
NON-CURRENT ASSET			
Property, plant and equipment		276,382	297,447
CURRENT ASSETS			
Inventories		4,656	5,154
Trade receivables		18,935	61,791
Other receivables, deposits and prepayments		5,861	12,041
Current tax assets		29,837	42,966
Short-term investments		5,141	136
Fixed deposits with licensed banks		85,714	102,709
Cash and bank balances		44,973	29,205
		195,117	254,002
TOTAL ASSETS		471,499	551,449
EQUITY AND LIABILITIES			
EQUITY			
Share capital		167,819	165,329
Share premium		64,070	64,070
Merger deficit		(71,909)	(71,909)
Employees' share option reserves		-	6,407
Redeemable convertible unsecured loan stocks ("RCULS")		-	539
Foreign exchange translation reserves		10,009	10,694
(Accumulated losses)/Retained profits		(33,983)	28,185
Equity attributable to owners of the Company		136,006	203,315
Non-controlling interest		(102)	(72)
TOTAL EQUITY		135,904	203,243

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

	Note	Unaudited As at 31.12.2018 RM'000	Audited As at 31.12.2017 RM'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities		22	50
Long-term borrowings	B8	172,022	169,442
RCULS		-	1,763
		<hr/>	<hr/>
		172,044	171,255
CURRENT LIABILITIES			
Trade payables		139,691	119,791
Other payables and accruals		3,334	2,970
Short-term borrowings	B8	2,212	38,529
Bank overdrafts	B8	18,314	15,661
		<hr/>	<hr/>
		163,551	176,951
TOTAL LIABILITIES		<hr/>	<hr/>
		335,595	348,206
TOTAL EQUITY AND LIABILITIES		<hr/>	<hr/>
		471,499	551,449
Net asset per share (sen)		<hr/>	<hr/>
		16.42	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 FOURTH
(4TH) QUARTER ENDED 31 DECEMBER 2018

	Unaudited Current year to date 12 Months 31.12.2018 RM'000	Audited Preceding year to date 12 Months 31.12.2017 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Loss before taxation	(51,096)	(216,729)
Adjustments for:-		
Depreciation of property, plant and equipment	22,875	28,198
Interest expense	13,489	14,338
Interest income	(1,750)	(3,611)
Unrealised (gain)/loss on foreign exchange	(2,058)	9,995
Write back of impairment loss on receivables no longer required	(5,562)	(37)
Gain on disposal of property, plant and equipment	(1,752)	(4)
Property, plant and equipment written off	840	1,113
Impairment loss on goodwill	-	20
Impairment loss on property, plant and equipment	-	43,762
Bad debt written off	342	-
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Operating loss before working capital changes	(24,672)	(122,955)
Decrease in inventories	498	5,325
Decrease in trade and other receivables	47,262	64,172
Increase/(Decrease) in trade and other payables	25,561	(13,900)
	<hr/>	<hr/>
CASH FROM/(FOR) OPERATIONS	48,649	(67,358)
Interest paid	(13,308)	(14,076)
Interest received	1,750	3,611
Net income tax (paid)/refund	(602)	5,995
	<hr/>	<hr/>
NET CASH FROM/(FOR) OPERATING ACTIVITIES	36,489	(71,828)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(782)	(2,707)
Proceeds from disposal of property, plant and equipment	2,400	4
Decrease in pledged fixed deposits with licensed banks	13,443	12,981
Acquisition of subsidiaries, net of cash and cash equivalents	-	1
	<hr/>	<hr/>
NET CASH FROM INVESTING ACTIVITIES	15,061	10,279
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Drawdown of trust receipts	75,412	123,872
Repayment of term loans	(2,659)	(15,290)
Repayment of trust receipts	(109,403)	(135,723)
Repayment of hire purchase obligations	(297)	(577)
Repayment to a director	-	(18)
	<hr/>	<hr/>
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(36,947)	(27,736)
	<hr/>	<hr/>
NET INCREASE/(DECREASE) OF CASH AND CASH EQUIVALENTS/BALANCE CARRIED FORWARD	14,603	(89,285)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH
(4TH) QUARTER ENDED 31 DECEMBER 2018 (CONT'D)

	Unaudited Current year to date 12 Months 31.12.2018 RM'000	Audited Preceding year to date 12 Months 31.12.2017 RM'000
NET INCREASE/(DECREASE) OF CASH AND CASH EQUIVALENTS/BALANCE BROUGHT FORWARD	14,603	(89,285)
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	(35)	(643)
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>32,043</u>	<u>17,475</u>
Cash and cash equivalents comprise the following:		
- Short-term investments	5,141	136
- Fixed deposits with licensed banks	85,714	102,709
- Cash and bank balances	44,973	29,205
- Bank overdrafts	(18,314)	(15,661)
	<u>117,514</u>	<u>116,389</u>
Less: Fixed deposits pledged to licensed banks	(85,471)	(98,914)
	<u>32,043</u>	<u>17,475</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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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		-	-	-	-	-	-	(61,581)	(61,581)	(28)	(61,609)
Other comprehensive expenses for the financial year, net of taxation:											
- Foreign currency translation		-	-	-	-	-	(685)	-	(685)	(2)	(687)
Total comprehensive expenses		-	-	-	-	-	(685)	(61,581)	(62,266)	(30)	(62,296)
Contributions by owners of the Company:											
Issuance of shares pursuant to conversion of RCULS		2,490	-	-	-	(539)	-	-	1,951	-	1,951
Employees' share option: - Forfeited/Lapsed		-	-	-	(6,407)	-	-	6,407	-	-	-
Total transactions with owners		2,490	-	-	(6,407)	(539)	-	6,407	1,951	-	1,951
Balance at 31.12.2018		167,819	64,070	(71,909)	-	-	10,009	(33,983)	136,006	(102)	135,904

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2018 (CONT'D)

	----- Attributable to owners of the Company -----									Total Equity RM'000
	-----Non-distributable-----					Distributable				
Audited	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	-	-	-	-	-	-	(216,704)	(216,704)	(50)	(216,754)
Other comprehensive income for the financial year:										
- Foreign currency translation differences	-	-	-	-	-	(3,873)	-	(3,873)	9	(3,864)
Total comprehensive income for the financial year	-	-	-	-	-	(3,873)	(216,704)	(220,577)	(41)	(220,618)
Contributions by owners of the Company:										
Issuance of shares pursuant to conversion of RCULS	296	-	-	-	(71)	-	-	225	-	225
Employees' share option: - Forfeited/Lapsed	-	-	-	(273)	-	-	273	-	-	-
Total transactions with owners	296	-	-	(273)	(71)	-	273	225	-	225
Balance at 31.12.2017	165,329	64,070	(71,909)	6,407	539	10,694	28,185	203,315	(72)	203,243

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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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 3: Definition of a Business	1 January 2020
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 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
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

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 30 September 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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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 RM1.75 million as a result of the disposal of the Group’s building, machinery and equipment.

A5. Material changes in estimates

There were no material changes in estimates in the current quarter and current financial year-to-date.

A6. Debt and equity securities

There were no issuances, cancellation, repurchase, resale or repayment of debt or equity securities in the current quarter and financial year-to-date.

A7. Dividends paid

There were no dividends paid or declared for the current quarter and financial year-to-date.

A8. Segmental information

No segmental information is provided as the Group is primarily involved in the oil and gas industry (one business segment) and the Group’s activities are predominantly in Malaysia. The overseas segment accounts for less than 10% of the consolidated revenue and assets.

A9. Revenue

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 3 Months 31.12.2018 RM’000	Unaudited Preceding year quarter 3 Months 31.12.2017 RM’000	Unaudited Current year to date 12 Months 31.12.2018 RM’000	Unaudited Preceding year to date 12 Months 31.12.2017 RM’000
Pipeline and commissioning services (“PCS”); and	47,277	34,174	111,831	124,141
Installation and construction services (“ICS”)	22,975	44,505	131,422	186,795
	<u>70,252</u>	<u>78,679</u>	<u>243,253</u>	<u>310,936</u>

QUARTERLY REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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 31.12.2018 RM’000
Property, plant and equipment:-	
Approved and contracted for	625

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 31.12.2018 RM’000
<u>Unsecured</u>	
Bank guarantees extended to clients	49,416

There are no contingent assets as at the date of this report.

A14. Material events during the quarter

On 16 October 2018, the Company and its wholly-owned subsidiary, PBJV Group Sdn. Bhd. (“PBJV”) had been granted orders pursuant to Section 366 and 368 of the Companies Act 2016 (“the Act”) by the High Court of Malaya at Kuala Lumpur restraining all proceedings and actions brought against the Company and PBJV (“Order”) except with leave of Court and subject to any terms that the Court may impose.

The Order commenced on 16 October 2018 for a period of 90 days up to 14 January 2019.

QUARTERLY REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2018

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

A14. Material events during the quarter (Cont’d)

The Order was applied for as part of proactive measure by the Company to manage the debt levels of the Group and of the Company, and the Order allows the Group to negotiate terms with its lenders and creditors without having the threat of any proceedings and actions being brought against the Group.

There are no other material events during the current quarter that have not been reflected in the financial statements for the current quarter and financial year-to-date.

A15. Material events subsequent to the end of the quarter

The Order granted by the High Court of Malaya at Kuala Lumpur has expired on 14 January 2019. The Court has fixed the hearing for the appeal for renewal of the Order application on 6 March 2019. The Company will continue to engage with the Company and PBJV’s lenders and creditors to achieve an amicable debt settlement proposal. Meanwhile, the Company will also seek all legal avenues to protect the Group when necessary, while a debt settlement proposal is being negotiated with the Company and PBJV’s lenders and creditors.

As of to date, none of the Group’s lenders has called for an event of default on any of the Group’s financing facilities.

There are no other 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.

A16. Significant related party transactions

	---Individual Quarter---		---Cumulative Quarter---	
	Unaudited Current year quarter 3 Months 31.12.2018 RM’000	Unaudited Preceding year quarter 3 Months 31.12.2017 RM’000	Unaudited Current year to date 12 Months 31.12.2018 RM’000	Unaudited Preceding year to date 12 Months 31.12.2017 RM’000
Company in which certain Directors have interest				
Purchases paid/payable	-	444	11,994	486
Rental of premises paid/payable	390	555	1,560	2,220
Rental of yard paid/payable	15	15	60	60
Donations *	60	100	240	530
Installation and construction services received/receivable	-	-	-	(16,555)
Company related to a Director				
Secretarial services paid/payable	-	4	-	4

QUARTERLY REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2018

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

A16. Significant related party transactions (Cont’d)

- * 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.

A17. Impairment of property, plant and equipment

There were no impairment loss recognised during the current quarter and current financial year-to-date.

A18. Change of financial year end

On 6 December 2018, the Board of Directors had approved the change in the financial year end of the Group and the Company from 31 December to 30 June. Thus, the next set of audited financial statements shall be for a period of eighteen (18) months from 1 January 2018 to 30 June 2019. Thereafter, the financial year end shall be on 30 June for each subsequent year.

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QUARTERLY REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2018

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

B1. Review of performance

	----- Individual Quarter -----				----- Cumulative Quarter -----			
	Unaudited Current year quarter 3 Months 31.12.2018 RM'000	Unaudited Preceding year quarter 3 Months 31.12.2017 RM'000	Variance		Unaudited Current year to date 12 Months 31.12.2018 RM'000	Unaudited Preceding year to date 12 Months 31.12.2017 RM'000	Variance	
			RM'000	%			RM'000	%
Revenue	70,252	78,679	(8,427)	(11%)	243,253	310,936	(67,683)	(22%)
EBITDA ^	(2,005)	(65,249)	63,244	97%	(16,482)	(177,804)	161,322	91%
Loss before taxation	(10,840)	(75,057)	64,217	86%	(51,096)	(216,729)	165,633	76%
Loss after taxation	(21,096)	(73,858)	52,762	71%	(61,609)	(216,754)	155,145	72%
Loss after taxation attributable to owners of the Company	(21,096)	(73,833)	52,737	71%	(61,581)	(216,704)	155,123	72%

Note:-

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

The Group reported a total revenue of RM243.25 million during the current financial period ended 31 December 2018, with RM70.25 million generated during the current quarter. This is a reduction of 11% compared to the corresponding quarter of the preceding year. The Group had also reported a lower loss before taxation of RM10.84 million for the current quarter, which is a reduction of 86% from the corresponding quarter of the preceding year. The reduction in revenue was mainly due to the lower revenue generated by the Installation and Construction Services ("ICS").

	----- Individual Quarter -----				----- Cumulative Quarter -----			
	Unaudited Current year quarter 3 Months 31.12.2018 RM'000	Unaudited Preceding year quarter 3 Months 31.12.2017 RM'000	Variance		Unaudited Current year to date 12 Months 31.12.2018 RM'000	Unaudited Preceding year to date 12 Months 31.12.2017 RM'000	Variance	
			RM'000	%			RM'000	%
PCS	47,277	34,174	13,103	38%	111,831	124,141	(12,310)	(10%)
ICS	22,975	44,505	(21,530)	(48%)	131,422	186,795	(55,373)	(30%)
	70,252	78,679	(8,427)	(11%)	243,253	310,936	(67,683)	(22%)

QUARTERLY REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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")

During the current financial period ended 31 December 2018, PCS generated a total revenue of RM111.83 million, out of which RM47.28 million was generated during the current quarter. This is an increase of 38% from the corresponding quarter of the preceding year, which was attributed to the ongoing progress of work done for the Pipeline Services project.

Installation and construction services ("ICS")

The revenue generated from ICS during the current financial period ended 31 December 2018 amounted to RM131.42 million, out of which RM22.98 million was generated during the current quarter. This is a decrease of 48% from the corresponding quarter of the preceding year. The decrease was due to lower progress billings issued for the Installation and Underwater Services during the current quarter compared to the corresponding quarter of the preceding year.

B2. Comparison with immediate preceding quarter's results

	Unaudited Current year quarter 3 Months 31.12.2018 RM'000	Unaudited Immediate preceding quarter 3 Months 30.09.2018 RM'000	Variance	
			RM'000	%
Revenue	70,252	94,456	(24,204)	(26%)
EBITDA [^]	(2,005)	2,654	(4,659)	(176%)
Loss before taxation	(10,840)	(5,098)	(5,742)	(113%)
Loss after taxation	(21,096)	(5,089)	(16,007)	(315%)
Loss after taxation attributable to owners of the Company	(21,096)	(5,076)	(16,020)	(316%)

Note:-

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

The Group reported a lower revenue by 26% and loss before taxation increased by 113% in the current quarter ended 31 December 2018 compared with the immediate preceding quarter ended 30 September 2018. The decrease in revenue was mainly due to lesser progress billings issued for the Installation and Underwater Services. The increase in the loss before taxation was mainly due to the tax penalty on the additional tax assessment for the years of assessment 2011 to 2016, bad debts written off and lower foreign exchange gain during the current quarter compared to the immediate preceding quarter.

QUARTERLY REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2018

**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 positive sign of recovery in the oil and gas industry, the outlook remain challenging as we have yet to see a sustainable growth in the industry.

Nevertheless, the Group is still exploring various options under the Proposed Regularisation Plan to strengthen its financial position. In the meantime, the Group is actively bidding for new projects and will continue to pursue new opportunities. The Group shall remain focused to further improve cost management and operational efficiency.

B4. Variance of actual profit from forecast profit

The Group has not announced or disclosed any profit forecast or profit guarantee in any public documents.

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QUARTERLY REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2018

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

B5. Loss before taxation

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	Unaudited Current year quarter 3 Months 31.12.2018 RM'000	Unaudited Preceding year quarter 3 Months 31.12.2017 RM'000	Unaudited Current year to date 12 Months 31.12.2018 RM'000	Unaudited Preceding year to date 12 Months 31.12.2017 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	(135)	(1,145)	(1,701)	(3,208)
- cash and bank balances	(1)	(54)	(49)	(403)
Interest expense on financial liabilities not at fair value through profit or loss:				
- bank overdraft	74	222	828	814
- hire purchase	3	7	16	40
- term loans	2,791	2,344	10,240	9,519
- bank guarantee/trust receipts	516	1,646	2,169	3,697
- RCULS	22	24	236	268
Depreciation of property, plant and equipment	5,565	6,764	22,875	28,198
Realised loss/(gain) on foreign exchange	(27)	72	(95)	2,030
Unrealised (gain)/loss on foreign exchange	(29)	4,852	(2,058)	9,995
Write back of impairment loss on receivables no longer required	(574)	-	(5,562)	(37)
(Loss)/Gain on disposal of property, plant and equipment	-	-	(1,752)	(4)
Property, plant and equipment written off	307	1,113	840	1,113
Bad debt written off	342	-	342	-
Impairment loss on goodwill	-	-	-	20
Impairment loss on property, plant and equipment	-	43,762	-	43,762

Except for those disclosed above, there were:-

- no provision for or write off of inventories; and
- no gain or loss on disposal of unquoted investments.

QUARTERLY REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2018

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

B6. Income tax expense/(credit)

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	Unaudited Current year quarter 3 Months 31.12.2018 RM'000	Unaudited Preceding year quarter 3 Months 31.12.2017 RM'000	Unaudited Current year to date 12 Months 31.12.2018 RM'000	Unaudited Preceding year to date 12 Months 31.12.2017 RM'000
Current tax:				
- for the current year	152	(657)	553	704
- under/(over)provision in the previous financial years	10,104	(1)	9,981	(95)
	<u>10,256</u>	<u>(658)</u>	<u>10,534</u>	<u>609</u>
Deferred tax expense				
- for the current year	-	(192)	(21)	(235)
- overprovision in the previous financial year	-	(349)	-	(349)
	<u>-</u>	<u>(541)</u>	<u>(21)</u>	<u>(584)</u>
	<u>10,256</u>	<u>(1,199)</u>	<u>10,513</u>	<u>25</u>

Despite the Group's consolidated losses for the current financial period ended 31 December 2018, the Group still incurs current year income tax expense as a couple of companies within the Group were profitable and as such are in a tax payable position.

The under provision of income tax expense in the previous financial years was as a result of the additional tax assessment for the years of assessment 2011 to 2016 that was served by the Inland Revenue Board of Malaysia ("IRB") on 1 November 2018. The additional income tax was imposed by IRB due to the disallowable of certain expenses.

B7. Status of corporate proposals

There were no corporate proposals announced but not completed as at the date of this announcement.

QUARTERLY REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2018

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

B8. Group borrowings

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 31 December 2018						
Secured:-						
- Term loans (RM)	-	407	-	-	-	407
- Term loan (USD) ^	391	1,618	41,566	172,022	41,957	173,640
- Hire purchase (RM)	-	187	-	-	-	187
- Bank overdrafts (RM)	-	18,314	-	-	-	18,314
		<u>20,526</u>		<u>172,022</u>		<u>192,548</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 31 December 2017						
Secured:-						
- Term loans (RM)	-	707	-	413	-	1,120
- Term loan (USD) *	870	3,534	41,566	168,842	42,436	172,376
- Hire purchase (RM)	-	297	-	187	-	484
- Trust receipt (RM)	-	33,991	-	-	-	33,991
- Bank overdrafts (RM)	-	15,661	-	-	-	15,661
		<u>54,190</u>		<u>169,442</u>		<u>223,632</u>

Notes:-

^ - Converted at exchange rate of 4.1385 as at 31 December 2018

* - Converted at exchange rate of 4.0620 as at 31 December 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 it's 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.

QUARTERLY REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2018

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

B9. Material litigation

(a) Claim by Mersing Constuction & Engineering Sdn. Bhd. (“Mersing”)

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 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 had disputed the amount claimed by Mersing for the variation order work. At the same time, PBJV had 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.

On 25 September 2018, the Court has sought parties’ clarification and requires further time in order to deliver its decision and therefore another date is fixed by the Court on 16 October 2018 for decision on the case.

As disclosed in Note A14, the Company had obtained a Restraining Order effective from 12 October 2018 restraining all proceedings and actions brought against the Company and as such, this case is put on hold. The Restraining Order has expired on 14 January 2019 and the appeal for renewal of the Restraining Order will be heard on 6 March 2019.

Submission of application to set aside adjudicator decision and stay of execution had been submitted on 19 September 2018 by PBJV. Court had fixed to deliver the decision on setting aside to be fixed on 16 October 2018 and the court had dismissed PBJV application for setting aside. PBJV had filed a notice of appeal to the court.

On the other note, PBJV has applied for stay Pending Arbitration. Next case management is fixed on 12 March 2019. Hearing for the stay application is fixed on 14th of March 2019.

(b) Claim by CPM Construction Sdn. Bhd. (“CPM”)

On 19 September 2018, PBJV was served with a Writ of Summons filed by CPM and this matter had been fixed for case management by the High Court of Shah Alam on 25 October 2018.

CPM is a Consortium Member jointly with PBJV (“PBJV-CPM Consortium”) to undertake the Procurement, Construction and Commissioning (“PCC”) of Pengerang Gas Pipeline Project at Johore Darul Takzim for Petronas Gas Berhad. The claim submitted by CPM is for:-

- i) the sum of RM15,573,427.78 for alleged variation works and claim for alleged loss and expense purportedly incurred by CPM under the PBJV-CPM Consortium matrix of responsibility;
- ii) interest of 5% per annum on the above sum (or any amount to be determined by the Court) from the date of this action until full payment;
- iii) costs; and
- iv) such further and/or other reliefs that the Court deems fit and proper.

QUARTERLY REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2018

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

B9. Material litigation (Cont'd)

(b) Claim by CPM Construction Sdn. Bhd. ("CPM")

On 5 November 2018, PBJV had received a Writ of Summons where CPM had revised their earlier claim to be as follows:-

- i) the sum of RM5,913,886.28 for alleged variation works;
- ii) the sum of RM36,493,455.06 for alleged loss and damage purportedly incurred by CPM for purported delay and/or disruption of work;
- iii) interest at the rate of 5% per annum on the sum of RM42,407,341.34 (or such other sums as may be assessed by Court) from such date as the Court thinks fit until the date of Judgement;
- iv) interest at the rate of 5% per annum on the sum of RM42,407,341.34 (or such other sums as may be assessed by Court) from the date of Judgement until the date of full and final settlement;
- v) costs; and
- vi) such further and other relief which is deemed fit and proper by the Court.

The above claims are disputed by PBJV. PBJV has taken legal steps necessary to defend against this claim.

As disclosed in Note A14, the Company had obtained a Restraining Order effective from 12 October 2018 restraining all proceedings and actions brought against the Company and as such, this case is put on hold. The Restraining Order has expired on 14 January 2019 and the appeal for renewal of the Restraining Order will be heard on 6 March 2019.

Next Case Management for the suit is fixed on 27 March 2019.

PBJV has also applied for Stay Pending Arbitration. Hearing is fixed on 27 March 2019 for the stay application.

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.

QUARTERLY REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2018

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

B11. Earnings per share

(a) Basic earnings per share

The basic earnings per share for the current quarter and for the financial year-to-date is computed by dividing the profit after taxation attributable to the owners of the Company by the weighted average number of ordinary shares in issue for the financial period.

	--- Individual Quarter ---		--- Cumulative Quarter ---	
	Unaudited Current year quarter 3 Months 31.12.2018	Unaudited Preceding year quarter 3 Months 31.12.2017	Unaudited Current year to date 12 Months 31.12.2018	Unaudited Preceding year to date 12 Months 31.12.2017
Loss attributable to the owners of the Company (RM'000)	(21,096)	(73,833)	(61,581)	(216,704)
Weighted average number of ordinary shares in issue ('000)	828,153	825,587	828,153	825,587
Basic earnings per share (sen)	(2.55)	(8.94)	(7.44)	(26.25)

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QUARTERLY REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2018

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 31.12.2018	Unaudited Preceding year quarter 3 Months 31.12.2017	Unaudited Current year to date 12 Months 31.12.2018	Unaudited Preceding year to date 12 Months 31.12.2017
Loss attributable to the owners of the Company (RM'000)	(21,096)	(73,833)	(61,581)	(216,704)
Weighted average number of ordinary shares in issue ('000) (Basic)	828,153	825,587	828,153	825,587
Effect of dilution from share options granted to employees ('000)	-	23,433	-	23,433
Effect of conversion of RCULS ('000)	-	9,381	-	9,381
	828,153	858,401	828,153	858,401
Diluted earnings per share (sen)	(2.55)	(8.60)	(7.44)	(25.25)