

CREST PETROLEUM BHD
(45631 - D)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2003.

THE FIGURES HAVE NOT BEEN AUDITED.

I. CONDENSED CONSOLIDATED INCOME STATEMENT

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
		31/3/2003	31/3/2002	31/3/2003	31/3/2002
		RM'000	RM'000	RM'000	RM'000
1.	(a) Revenue	97,980	97,586	97,980	97,586
	(b) Operating expenses	(114,483)	(97,076)	(114,483)	(97,076)
	(c) Other operating income	140	248	140	248
	(d) (Loss) / Profit from operations	(16,363)	758	(16,363)	758
	(e) Finance cost	(1,326)	(381)	(1,326)	(381)
	(f) (Loss) / Profit before share of associates and jointly controlled entities' results	(17,689)	377	(17,689)	377
	(g) Share of profits of associated companies and jointly controlled entities	7,169	5,120	7,169	5,120
	(h) (Loss) / Profit before taxation and minority interests	(10,520)	5,497	(10,520)	5,497
	(i) Taxation	(3,857)	(2,338)	(3,857)	(2,338)
	(j) (Loss) / Profit after taxation and before minority interests	(14,377)	3,159	(14,377)	3,159
	(k) Minority interests	670	465	670	465
	(l) Net (loss) / profit attributable to members of the company	(13,707)	3,624	(13,707)	3,624
2.	Earnings per share based on 1(l) above and 75,778,200 (2001 : 75,778,200) ordinary shares	(18.09) sen	4.78 sen	(18.09) sen	4.78 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2002.

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II. CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited	Audited
	As at end of current quarter 31/3/2003 RM'000	As at preceding financial year end 31/12/2002 RM'000
1. Property, plant and equipment	172,971	176,464
2. Investment in associated companies	111,558	106,620
3. Deferred expenditure	7,247	5,465
4. Jointly controlled entities	2,207	2,232
	<u>293,983</u>	<u>290,781</u>
5. Current assets		
Inventories	967	315
Trade and other receivables	159,172	201,886
Dividends receivable from jointly controlled entities	-	1,208
Deposits with licensed financial institutions	37,343	23,121
Cash and bank balances	29,341	46,745
	<u>226,823</u>	<u>273,275</u>
6. Current liabilities		
Trade and other payables	152,500	177,098
Amount due to associated companies	22,684	22,811
Amount due to jointly controlled entities	5	7
Short term borrowings	53,558	56,488
Taxation payable	16,377	19,575
	<u>245,124</u>	<u>275,979</u>
7. Net current liabilities	<u>(18,301)</u>	<u>(2,704)</u>
	<u>275,682</u>	<u>288,077</u>
8. Shareholders' funds		
Share capital	75,778	75,778
Reserves		
Share premium	134,251	134,251
Revaluation reserve	7,678	7,678
Capital reserve	3,519	3,519
Merger reserve	51,989	51,989
Reserve on consolidation	19,753	19,753
Exchange reserve	329	180
Accumulated loss	(72,213)	(58,506)
Total reserves	<u>145,306</u>	<u>158,864</u>
	<u>221,084</u>	<u>234,642</u>
9. Minority interests	5,308	5,938
10. Long term borrowings	21,150	21,570
11. Hire purchase and lease creditors	7,141	4,928
12. Deferred taxation	20,999	20,999
	<u>275,682</u>	<u>288,077</u>
13. Net tangible assets per share	<u>RM 2.82</u>	<u>RM 3.02</u>

The condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2002.

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III. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Three months to 31/3/2003	Audited Twelve months to 31/12/2002
	RM'000	RM'000
Loss before taxation	(10,520)	(89,004)
Adjustments :		
Depreciation and amortisation	6,021	24,322
Interest expenses	1,326	2,599
Interest income	(191)	(1,401)
Share of profit of associated companies and jointly controlled entities	(7,169)	(29,619)
Impairment of property, plant and equipment	-	116,625
Provision for doubtful debts	-	4,950
Write back of provision for doubtful debts	-	(200)
Impairment of other investment	-	500
Non operating items	12	(110)
Operating (loss) / profit before changes in working capital	<u>(10,521)</u>	<u>28,662</u>
Changes in working capital		
Net change in current assets	43,516	5,973
Net change in current liabilities	<u>(22,971)</u>	<u>(42,428)</u>
Cash generated from /(used in) operations	10,024	(7,793)
Interest expenses	(1,326)	(2,599)
Taxation paid	(4,020)	(12,117)
Tax refund	-	1,550
Net cash generated from / (used in) operating activities	4,678	(20,959)
Investing Activities		
Dividend from jointly controlled entities	-	100
Purchase of property, plant and equipment	(1,806)	(106,827)
Distribution proceeds from subsidiary company under voluntary liquidation	-	45
Others	(2,382)	61
Net cash used in investing activities	(4,188)	(106,621)
Financing Activities		
Net increase in fixed deposits pledged	(60)	(385)
Net drawdown of term loans	-	28,228
Repayment of hire purchase and lease creditors	(366)	(2,444)
Net changes in short term borrowings	(1,106)	33,946
Dividend paid	-	(2,728)
Net cash (used in)/ generated from financing activities	(1,532)	56,617
Net changes in Cash and Cash Equivalent	(1,042)	(70,963)
Cash and Cash Equivalent at beginning of year	58,182	129,020
Effect of exchange rate translation	47	125
Cash and Cash Equivalent at end of period / year	57,187	58,182
Note:		
Cash and cash equivalents comprise the following balance sheet amounts:		
Deposits with licensed financial institutions	37,343	23,121
Cash and bank balances	29,341	46,745
Bank overdraft	-	(2,247)
	<u>66,684</u>	<u>67,619</u>
Less : Fixed deposits pledged	(9,497)	(9,437)
	57,187	58,182

The condensed Consolidated Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2002.

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IV CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Capital Reserves	Retained Profits	Total
	RM'000	RM'000	RM'000	RM'000
Three months to 31 March 2003 (unaudited)				
Balance at beginning of year	75,778	217,370	(58,506)	234,642
Loss for the period	-	-	(13,707)	(13,707)
Currency translation differences	-	149	-	149
Balance at end of period	<u>75,778</u>	<u>217,519</u>	<u>(72,213)</u>	<u>221,084</u>
Three months to 31 March 2002 (unaudited)				
Balance at beginning of year	75,778	217,356	59,184	352,318
Profit for the period	-	-	3,624	3,624
Currency translation differences	-	38	-	38
Balance at end of period	<u>75,778</u>	<u>217,394</u>	<u>62,808</u>	<u>355,980</u>

The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2002.

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V. NOTES TO THE FINANCIAL STATEMENTS

1. The unaudited condensed consolidated financial statements have been prepared by applying accounting policies and methods of computation consistent with those used in the preparation of the most recent audited financial statements of the Group and in accordance with MASB 26, Interim Financial Reporting.
2. The audit report on the Group's financial statements for the financial year 2002 was not qualified.
3. The Group's operations are not materially subject to any seasonal or cyclical factors.
4. There were no unusual items affecting the assets, liabilities, equity, net income or cashflows of the Group.
5. There were no changes to the estimates of amounts reported in prior financial years.
6. The Group and the Company did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial period ended 31 March 2003.
7. Segment information for the current financial period ended 31 March 2003 is as follows:

	Revenue	Profit/(Loss) before taxation
	RM'000	RM'000
Offshore installation & construction	37,029	(12,023)
Offshore drilling	44,452	8,442
Marine services	16,499	(4,693)
Others	-	(1,111)
Unallocated corporate expenses	-	(1,135)
Consolidated revenue/result	97,980	(10,520)

8. The valuations of property, plant and equipment have been brought forward without amendment from previous annual financial statements.
9. There were no material events subsequent to 31 March 2003 to the date of this announcement other than those disclosed in Note 18.
10. For the current quarter and financial period ended 31 March 2003, there were no changes in the composition of the Group including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinued operations.
11. There were no changes in the contingent liabilities as at the date of this announcement since the preceding financial year ended 31 December 2002 other than that disclosed below :

The Company provided performance guarantees to ensure performance of contracts by certain subsidiary companies and corporate guarantees to secure credit and guarantee facilities of certain subsidiary companies amounting to RM239.5 million. As at 31 March 2003, an amount of RM111.2 million was utilised by certain subsidiary companies under several facilities granted by financial institutions.

12. Taxation consists of:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2003	31/3/2002	31/3/2003	31/3/2002
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation				
- current taxation	1,601	695	1,601	695
- share of taxation of associated companies / jointly controlled entities	2,256	1,643	2,256	1,643
	3,857	2,338	3,857	2,338

The effective tax rates for the current quarter and current year vary from the statutory tax rate due to certain disallowable expenses for tax purposes and the absence of Group relief for losses suffered by certain subsidiary companies.

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13. There were no disposals of unquoted investments and/or properties during the current quarter and financial period ended 31 March 2003.
14. (a) There were no acquisitions and disposals of quoted securities for the current quarter and financial period ended 31 March 2003.
(b) There were no investments in quoted securities as at 31 March 2003.
15. There were no corporate proposals announced but not completed as at the date of this announcement.
16. Details of Group borrowings as at 31 March 2003 are as follows:

	Long term borrowings			Short term borrowings		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Borrowings</u>						
Domestic Banks	5,040	-	5,040	2,203	35,246	37,449
Offshore Bank (USD8,478,713.68)	16,110	-	16,110	16,109	-	16,109
TOTAL	21,150	-	21,150	18,312	35,246	53,558

17. There were no financial instruments with off-balance sheet risks as at the date of this announcement.
18. The Company and its subsidiary companies have no outstanding material litigation as at the date of this announcement, except as disclosed below:

On 20 February 2003 Central Time USA, a Warrant To Seize A Vessel was issued against the rig Teknik Hidayat (in rem), the Company and two of its wholly-owned subsidiaries, Sasaran Perdana Sdn Bhd ("SP") and Crest Hidayat (L) Ltd (" CHLL") (in personam) following a Complaint filed by Newpark Shipbuilding-Pelican Island, Inc ("the Plaintiff") for failure to pay necessities provided to the Teknik Hidayat by the Plaintiff in the form of repairs and refurbishment, totalling USD8,612,194.95. On 3 April 2003, the Plaintiff filed a motion for partial summary judgment for the said amount. On 5 May 2003 the United States District Court for the Southern District of Texas, Galveston Division, has granted CHLL's Motion to Compel Arbitration and Stay Proceedings and denied as moot the Plaintiff's Motion for Partial Summary Judgment. Accordingly, the District Court has stayed and administratively closed this case until the Parties to this action initiate and complete the dispute resolution process by way of Arbitration. The District Court further ordered that within thirty (30) days of the completion of the Arbitration, either Party may move to reopen this case and that each Party is to bear its own taxable costs and expenses incurred.
19. The Group's revenue of RM98.0 million for the current quarter is 32.4% lower than the immediate preceding quarter due to decreased activities in the offshore installation and construction, offshore drilling and marine services divisions. The Group recorded a loss before taxation of RM10.5 million for the current quarter compared with a loss before taxation of RM91.2 million in the immediate preceding quarter which included an impairment loss provided on the drilling rig, Teknik Hidayat.
20. Review of Performance for the Current Quarter

The Group's revenue of RM98.0 million for the current quarter is 0.4% higher than the corresponding period in the preceding year. The Group registered a loss before taxation for the current quarter of RM10.5 million compared with a profit before taxation of RM5.5 million in the corresponding quarter in the preceding year, mainly due to project losses incurred by the offshore installation and construction and marine services divisions.
21. In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen from 31 March 2003 to the date of this announcement and which would substantially affect the financial results of the Group and of the Company for the three months ended 31 March 2003.
22. Prospects for Year 2003

Barring any unforeseen circumstances, the Directors expect the Group to achieve better results for the financial year ending 31 December 2003 compared to the previous financial year.

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23. The Board of Directors does not recommend the payment of an interim dividend for the current period ended 31 March 2003. (2002: Nil)
24. Pursuant to the Company's announcement on 14 April 2003, the Company issued an Independent Advice Circular to the Shareholders on 24 May 2003 in relation to the Conditional Mandatory General Offer by Commerce International Merchant Bankers Berhad on behalf of Sapura Telecommunications Berhad ("Sapura") to acquire all the remaining ordinary shares of RM1.00 each in the Company not already owned by Sapura and the persons acting in concert with it at a cash consideration of RM3.60 per share.

By Order of the Board

Kuala Lumpur
27 May 2003

RAHAYU ZULKIFLI
Company Secretary