

**CREST PETROLEUM BHD**  
**(Company No : 45631-D)**  
**Incorporated in Malaysia**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 APRIL 2004**

**THE FIGURES HAVE NOT BEEN AUDITED**

**I. CONDENSED CONSOLIDATED INCOME STATEMENT**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	Current year quarter <b>30/4/2004</b> RM'000	Preceding year corresponding quarter <b>30/4/2003</b> RM'000	Three months to <b>30/4/2004</b> RM'000	Three months to <b>30/4/2003</b> RM'000
<b>1. (a) Revenue</b>	<b>139,812</b>	<b>N/A</b>	<b>139,812</b>	<b>N/A</b>
(b) Operating expenses	(125,632)	N/A	(125,632)	N/A
(c) Other operating income	2,386	N/A	2,386	N/A
(d) Profit from operations	16,566	N/A	16,566	N/A
(e) Finance cost	(4,880)	N/A	(4,880)	N/A
<b>(f) Profit before share of associated companies and jointly controlled entities' results</b>	<b>11,686</b>	<b>N/A</b>	<b>11,686</b>	<b>N/A</b>
(g) Share of profit of associated companies and jointly controlled entities	321	N/A	321	N/A
<b>(h) Profit before taxation and minority interests</b>	<b>12,007</b>	<b>N/A</b>	<b>12,007</b>	<b>N/A</b>
(i) Taxation	11,836	N/A	11,836	N/A
<b>(j) Profit after taxation and before minority interests</b>	<b>23,843</b>	<b>N/A</b>	<b>23,843</b>	<b>N/A</b>
(k) Minority interests	(13,407)	N/A	(13,407)	N/A
<b>(l) Net profit attributable to members of the company</b>	<b>10,436</b>	<b>N/A</b>	<b>10,436</b>	<b>N/A</b>
<b>2. Earnings per share (sen)</b>				
Basic	<u>1.47</u>	<u>N/A</u>	<u>1.47</u>	<u>N/A</u>
Diluted	<u>1.22</u>	<u>N/A</u>	<u>1.22</u>	<u>N/A</u>

Note: N/A - Not applicable

Pursuant to the change of year end from 31 December to 31 January as announced on 9 January 2004, comparatives for the current quarter and the cumulative quarter are not presented for the current year.

The condensed consolidated income statement, cash flow statement and statement of changes in equity for the first quarter of the preceding year are attached for information purposes.

The condensed consolidated income statement should be read in conjunction with the Annual Financial Statements for the period ended 31 January 2004.

**CREST PETROLEUM BHD**  
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**II. CONDENSED CONSOLIDATED BALANCE SHEET**

	<b>UNAUDITED</b> As at end of current quarter <b>30/4/2004</b> RM'000	<b>AUDITED</b> As at preceding financial period end <b>31/1/2004</b> RM'000
1. Property, plant and equipment	358,041	201,816
2. Investment in associated companies	15,304	137,456
3. Jointly controlled entities	1,386	1,383
4. Deferred expenditure	5,863	5,702
5. Deferred tax assets	232	232
	<u>380,826</u>	<u>346,589</u>
<b>6. CURRENT ASSETS</b>		
Inventories	26,082	8,966
Trade & other receivables	292,571	244,587
Amount due from holding company	168	2,592
Amount due from jointly controlled entities	10	7
Amount due from related companies	5,264	5,527
Deposits with licensed financial institutions	93,137	114,364
Cash and bank balances	53,020	22,507
	<u>470,252</u>	<u>398,550</u>
<b>7. CURRENT LIABILITIES</b>		
Trade & other payables	228,830	245,094
Amount due to holding company	54	55
Amount due to associated company	-	30,132
Amount due to jointly controlled entities	-	2
Amount due to related companies	2,536	2,506
Short term borrowings	45,227	196,416
Taxation	27,136	14,245
	<u>303,783</u>	<u>488,450</u>
8. Net current assets / (liabilities)	166,469	(89,900)
	<u><b>547,295</b></u>	<u><b>256,689</b></u>
<b>9. Shareholders' funds</b>		
Share capital	175,792	75,778
Redeemable cumulative convertible preference shares	1,301	1,301
Reserves		
Share premium	183,319	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	260	262
Accumulated loss	(217,526)	(222,102)
Total reserves	<u>48,992</u>	<u>(4,650)</u>
	<u>226,085</u>	<u>72,429</u>
10. Minority interests	140,507	2,613
11. Long term borrowings	136,297	137,065
12. Redeemable cumulative convertible preference shares	18,518	18,518
13. Hire purchase and lease creditors	3,398	3,560
14. Deferred taxation	22,490	22,504
	<u><b>547,295</b></u>	<u><b>256,689</b></u>
<b>15. Net tangible assets per share (RM)</b>	<u><b>0.25*</b></u>	<u><b>0.88</b></u>

\*Based on 878,961,975 of ordinary shares of RM0.20 each, subsequent to the rights issue and share split (31/1/04 : 75,778,200 ordinary shares of RM1.00 each)

The condensed consolidated balance sheet should be read in conjunction with the Annual Financial Statements for the period ended 31 January 2004

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**III. CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>Unaudited Three months to 30/4/2004 RM'000</b>
<b>Profit before taxation</b>	<b>12,007</b>
Adjustments:	
Depreciation and amortisation	15,653
Interest expenses	4,552
Interest income	(438)
Share of profit of associated companies and jointly controlled entities	(321)
Other operating items	(518)
Operating profit before working capital changes	30,935
Changes in working capital	
Net change in current assets	(244,877)
Net change in current liabilities	222,756
Cash generated from operations	8,814
Interest expenses	(4,552)
Taxation paid	(3,340)
<b>Net cash generated from operating activities</b>	<b>922</b>
<b>Investing Activities</b>	
Purchase of property, plant and equipment	(2,104)
Advance to an associated company	(1,094)
Others	169
<b>Net cash used in investing activities</b>	<b>(3,029)</b>
<b>Financing Activities</b>	
Proceeds from issuance of rights issue	150,000
Shares issue expenses	(968)
Proceeds from exercise of warrants	50
Net increase in fixed deposits pledged	1,412
Repayment of term loans	(24,130)
Repayment of bridging loan	(150,320)
Repayment of hire purchase and lease creditors	(336)
Net changes in short term borrowings	(1,027)
<b>Net cash used in financing activities</b>	<b>(25,319)</b>
<b>Net changes in Cash and Cash Equivalent</b>	<b>(27,426)</b>
<b>Cash and Cash Equivalents at beginning of period</b>	116,883
<b>Effect of exchange rate translation</b>	(46)
	89,411
<b>Cash and Cash Equivalents of former associated companies</b>	46,307
<b>Cash and Cash Equivalents at end of period</b>	<b>135,718</b>
Note 1:	
Cash and cash equivalents comprise of the following balance sheet amounts:	
Deposits with licensed financial institutions	93,137
Cash and bank balances	53,020
Bank overdrafts	(3,212)
	142,945
Less: Fixed deposits pledged	(7,227)
	135,718

Pursuant to the change of year end from 31 December to 31 January as announced on 9 January 2004, comparatives for the current quarter are not presented for the current year.

The condensed consolidated cash flow statement should be read in conjunction with the Annual Financial Statements for the period ended 31 January 2004.

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**IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<b>Share Capital</b> RM'000	<b>Capital Reserves</b> RM'000	<b>Accumulated loss</b> RM'000	<b>Total</b> RM'000
Three months to 30 April 2004 (unaudited)				
Balance at beginning of year	77,079	217,452	(222,102)	72,429
Elimination of realised gain recognised in prior year **	-	-	(5,860)	(5,860)
Issuance of rights issue	100,000	50,000	-	150,000
Shares issue expenses	-	(968)	-	(968)
Exercise fo warrants	14	36	-	50
Profit for the period	-	-	10,436	10,436
Currency translation differences	-	(2)	-	(2)
Balance at end of period	<u>177,093</u>	<u>266,518</u>	<u>(217,526)</u>	<u>226,085</u>

\*\* The disposal of a drilling rig, Teknik Berkat, from a wholly owned subsidiary company to Varia Perdana Sdn Bhd, previously treated as an associated company, had given rise to gain on disposal in the prior year.

Subsequent to the consolidation of Varia Perdana Sdn Bhd's results as further disclosed in Note 1 of the Notes to the Financial Statements, the gain on disposal is eliminated in the current year and dealt with through reserve.

Pursuant to the change of year end from 31 December to 31 January as announced on 9 January 2004, comparatives for the current quarter are not presented for the current year.

The condensed consolidated statement of changes in equity should be read in conjunction with the Annual Financial Statements for the period ended 31 January 2004.

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**(45631 - D)**  
**Incorporated in Malaysia**

**V. NOTES TO THE FINANCIAL STATEMENTS**

**1. Accounting policies and methods of computation**

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.

Subsequent to the implementation of the Business Rationalisation Agreement that was announced on 8 October 2003, the results of Varia Perdana Sdn Bhd and Tioman Drilling Company Sdn Bhd, both 51% subsidiary companies of the Group, have been consolidated with effect from 1 February 2004.

**2. Audit report of preceding annual financial statements**

The audit report of the Group on the preceding year financial statements was not qualified.

**3. Seasonality and cyclicity of operations**

The Group's operations are not materially subject to any seasonal or cyclical factors except for severe weather conditions.

**4. Unusual items**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group.

**5. Changes in estimates**

There were no changes to the estimates of amounts reported in prior financial years.

**6. Debts and equity securities**

The Group and the Company did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares during the current quarter and financial period ended 30 April 2004.

**7. Segmental information**

	<b><u>3 months to 30/4/04</u></b>	
	<b>Revenue</b>	<b>Segment</b>
	<b>RM'000</b>	<b>profit / (loss)</b>
		<b>RM'000</b>
Installation of Pipelines and Facilities	6,610	(21)
Drilling	54,716	11,922
Marine Services	71,997	6,362
Operations and Maintenance	6,489	109
Others	-	(6,365)
<b>Consolidated revenue / results</b>	<b><u>139,812</u></b>	<b><u>12,007</u></b>

**CREST PETROLEUM BHD**  
**(45631 - D)**  
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**8. Carrying amount of property, plant and equipment**

The valuations of property, plant and equipment have been brought forward without amendment from previous annual financial statements.

**9. Subsequent events**

On 18 December 2003, the Company announced that it entered into a Memorandum of Agreement in relation to the proposed acquisition of a drilling rig, the T-9, by Crest Tender Rigs Pte Ltd, a new Labuan incorporated wholly-owned subsidiary of Varia Perdana Sdn Bhd from Smedvig Rig AS, a related company of Smedvig Asia Limited, which owns 49% of Varia Perdana Sdn Bhd, for a total cash consideration of USD70 million.

The Company's shareholders approved the above acquisition at an Extraordinary General Meeting held on 19 February 2004. The T-9 acquisition was completed on 18 May 2004.

Except for the above, there were no material events subsequent to 30 April 2004 to the date of this announcement.

**10. Changes in the composition of the Group**

An offshore company, Sarku Vessels Pte Ltd ("Sarku Vessels") was incorporated in the Federal Territory of Labuan on 16 March 2004. Sarku Vessels has an authorised share capital of USD20,000 comprising 20,000 ordinary shares of USD1.00 each, and an issued capital of 20,000 ordinary shares of USD1.00 each.

Except for the above, there were no changes in the composition of the Group for the current quarter and financial period including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinued operations.

**11. Contingent liabilities**

There were no changes in the contingent liabilities since the preceding financial period ended 31 January 2004 other than the following :

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 RM210.9 million. As at 30 April 2004, an amount of RM143.3 million was utilised by certain subsidiary companies under several facilities granted by financial institutions.

**12. Capital commitments**

Capital commitments as at 30 April 2004 are as follows:

	RM'000
Approved and contracted for *	249,289
Approved but not contracted for	1,804
	<u>251,093</u>

\* Includes the capital commitment in relation to the acquisition of a drilling rig, T-9 by a subsidiary company.

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**(45631 - D)**  
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**13. Taxation**

Taxation comprises the following:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	Current year quarter <b>30/4/04</b> RM'000	Preceding year corresponding quarter <b>30/4/03</b> RM'000	3 months to <b>30/4/04</b> RM'000	3 months to <b>30/4/03</b> RM'000
Malaysian Taxation				
- current taxation	5,027	N/A	5,027	N/A
- deferred taxation	(16,866)	N/A	(16,866)	N/A
- share of taxation of associated companies / jointly controlled entities	3	N/A	3	N/A
	<u>(11,836)</u>	<u>N/A</u>	<u>(11,836)</u>	<u>N/A</u>

The effective tax rate for the current quarter varies from the statutory tax rate due to the writeback of deferred tax provision.

**14. Disposal of unquoted investments and/or properties**

There were no disposals of unquoted investments and/or properties during the current quarter and financial period ended 30 April 2004.

**15. Quoted securities**

There were no acquisitions and disposals of quoted securities for the current quarter and financial period ended 30 April 2004 and there were no investments in quoted securities as at 30 April 2004.

**16. Status of corporate proposals announced but not completed as at the date of this announcement**

The Company had obtained shareholders' approval for the Proposed employee share option scheme for eligible employees and Executive Directors of the Company and its subsidiaries ("Proposed ESOS") at an Extraordinary General Meeting held on 19 February 2004. The Proposed ESOS has been approved by the relevant authorities and is now in the process of implementation.

Except for the above, there were no corporate proposals announced but not completed as at the date of this announcement.

**17. Borrowings**

Details of Group borrowings as at 30 April 2004 are as follows:

	<u>Long term borrowings</u>			<u>Short term borrowings</u>		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
Domestic Banks						
- Debt securities	118,777	-	118,777	19,714	-	19,714
- Other borrowings	17,520	-	17,520	15,301	10,212	25,513
RCCPS	-	18,518	18,518	-	-	-
	<u>136,297</u>	<u>18,518</u>	<u>154,815</u>	<u>35,015</u>	<u>10,212</u>	<u>45,227</u>

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**18. Off-balance sheet financial instruments**

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

**19. Material litigation**

The Company and its subsidiary companies have no outstanding material litigation as at the date of this announcement.

**20. Comparison between the current quarter and the immediate preceding quarter**

There is no comparative immediate preceding quarter for the current quarter's results.

**21. Review of performance for the current quarter**

The Group registered a revenue of RM139.8 million and profit before taxation of RM12.0 million for the current quarter contributed mainly by the Drilling and Marine Services divisions.

**22. Prospects for Year 2004/5**

Activities in relation to a sizeable contract recently secured by the Installation of Pipelines and Facilities division for the 2004-2006 Transportation and Installation of Offshore Facilities, which was announced on 1 March 2004, will commence in the second quarter of the year and is expected to contribute positively to the Group results thereon.

Barring any unforeseen circumstances, the Directors expect the Group to achieve satisfactory results for the financial year ending 31 January 2005.

**23. Dividend**

The Board of Directors does not recommend the payment of a dividend for the current financial period ended 30 April 2004. (2003: Nil)

**24. Earnings Per Share**

(a) Basic

	3 months to 30/4/04
Net profit for the period (RM'000)	10,436
Weighted average number of ordinary shares in issue ('000)	712,248
Basic earnings per share (sen)	<u>1.47</u>



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**24. Earnings Per Share (Cont'd.)**

(b) Diluted

	3 months to 30/4/04
Net profit for the period (RM'000)	10,436
Weighted average number of ordinary shares in issue ('000)	712,248
Number of shares under RCCPS	28,229
Number of shares under warrants	249,943
Number of shares for warrants that would have been issued at fair value	<u>(135,465)</u>
Number of shares used in the calculation of diluted EPS	854,955
Diluted earnings per share (sen)	<u>1.22</u>

**By Order of the Board**

**Kuala Lumpur**  
**23 June 2004**

**Sabrina Albakri Abu Bakar**  
**Tasneem Mohd Dahalan**  
**Company Secretaries**

ATTACHMENT

**CREST PETROLEUM BHD**  
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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED  
31 MARCH 2003.**

**THE FIGURES HAVE NOT BEEN AUDITED**

**CONDENSED CONSOLIDATED INCOME STATEMENT**

	<b>Individual Quarter</b>	<b>Cumulative Quarter</b>
	Preceding year corresponding quarter	Three months to
	<b>31/03/2003</b>	<b>31/03/2003</b>
	RM'000	RM'000
<b>1 (a) Revenue</b>	<b>97,980</b>	<b>97,980</b>
(b) Operating expenses	(114,483)	(114,483)
(c) Other operating income	140	140
(d) Loss from operations	(16,363)	(16,363)
(e) Finance cost	(1,326)	(1,326)
<b>(f) Loss before associated companies and jointly controlled entities' results</b>	<b>(17,689)</b>	<b>(17,689)</b>
(g) Share of profit of associated companies and jointly controlled entities	7,169	7,169
<b>(h) Loss before taxation and minority interests</b>	<b>(10,520)</b>	<b>(10,520)</b>
(i) Taxation	(3,857)	(3,857)
<b>(j) Loss after taxation and before minority interests</b>	<b>(14,377)</b>	<b>(14,377)</b>
(k) Minority interests	670	670
<b>(l) Net loss attributable to members of the company</b>	<b>(13,707)</b>	<b>(13,707)</b>
 <b>2 Earnings per share based on (l) above and 75,778,200 ordinary shares</b>	 <b>(18.09) sen</b>	 <b>(18.09) sen</b>

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

**Unaudited**  
**Three months**  
**to**  
**31/3/2003**  
RM'000

<b>Loss before taxation</b>	<b>(10,520)</b>
Adjustments:	
Depreciation and amortisation	6,021
Interest expenses	1,326
Interest income	(191)
Share of profit of associated companies and jointly controlled entities	(7,169)
Non-operating items	12
Operating loss before working capital changes	<u>(10,521)</u>
Changes in working capital	
Net change in current assets	43,516
Net change in current liabilities	<u>(22,971)</u>
Cash generated from operations	10,024
Interest expenses	(1,326)
Taxation paid	<u>(4,020)</u>
<b>Net cash generated from operating activities</b>	<b>4,678</b>
<b>Investing Activities</b>	
Purchase of property, plant and equipment	<span style="border: 1px solid black; padding: 2px;">(1,806)</span>
Others	<span style="border: 1px solid black; padding: 2px;">(2,382)</span>
<b>Net cash used in investing activities</b>	<b>(4,188)</b>
<b>Financing Activities</b>	
Net increase in fixed deposits pledged	<span style="border: 1px solid black; padding: 2px;">(60)</span>
Repayment of hire purchase and lease creditors	<span style="border: 1px solid black; padding: 2px;">(366)</span>
Net changes in short term borrowings	<span style="border: 1px solid black; padding: 2px;">(1,106)</span>
<b>Net cash used in financing activities</b>	<b>(1,532)</b>
<b>Net changes in Cash and Cash Equivalent</b>	<b>(1,042)</b>
<b>Cash and Cash Equivalents at beginning of period</b>	58,182
<b>Effect of exchange rate translation</b>	47
<b>Cash and Cash Equivalents at end of period</b>	<b><u>57,187</u></b>

Note 1:

Cash and cash equivalents comprise of the following balance sheet amounts:

Deposits with licensed financial institutions	37,343
Cash and bank balances	<u>29,341</u>
	66,684
Less: Fixed deposits pledged	<u>(9,497)</u>
	<b><u>57,187</u></b>

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<b>Share Capital</b> RM'000	<b>Capital Reserves</b> RM'000	<b>Accumulated loss</b> RM'000	<b>Total</b> 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>