

CREST PETROLEUM BHD
(45631 - D)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2002.

THE FIGURES HAVE NOT BEEN AUDITED.

I. CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter (Restated)	Nine months to	Nine months to (Restated)
	30/9/2002	30/9/2001	30/9/2002	30/9/2001
	RM'000	RM'000	RM'000	RM'000
1. (a) Revenue	168,394	173,653	454,739	463,661
(b) Operating expenses	(193,113)	(157,074)	(473,663)	(431,725)
(c) Other operating income	<u>1,154</u>	<u>458</u>	<u>1,721</u>	<u>1,376</u>
(d) Profit/(Loss) from operations	(23,565)	17,037	(17,203)	33,312
(e) Finance cost	(397)	(636)	(1,169)	(2,394)
(f) Provision for litigation claim	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,300)</u>
(g) Profit/(Loss) before share of associates' results	(23,962)	16,401	(18,372)	19,618
(h) Share of profits and losses of associated companies	<u>7,728</u>	<u>5,634</u>	<u>20,518</u>	<u>17,161</u>
(i) Profit/(Loss) before tax and minority interests	(16,234)	22,035	2,146	36,779
(j) Income tax	<u>(13,417)</u>	<u>(2,791)</u>	<u>(20,788)</u>	<u>(11,025)</u>
(k) Profit/(Loss) after income tax and before minority interests	(29,651)	19,244	(18,642)	25,754
(l) Minority interests	<u>1,196</u>	<u>927</u>	<u>1,280</u>	<u>1,491</u>
(m) Net profit/(loss) attributable to members of the company	<u>(28,455)</u>	<u>20,171</u>	<u>(17,362)</u>	<u>27,245</u>
2. Earnings per share based on 1(m) above and 75,778,200 (2001 : 75,778,200) ordinary shares	(37.55) sen	26.62 sen	(22.91) sen	35.95 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2001.

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II. CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited	Audited
	As at end of current quarter 30/9/2002 RM'000	As at preceding financial year end 31/12/2001 RM'000
1. Property, plant and equipment	215,700	151,040
2. Investment in associated companies	101,711	87,851
3. Investment in subsidiary company	-	177
4. Long term investment	500	500
5. Deferred expenditure	4,950	6,708
6. Jointly controlled entities	1,563	1,411
	<u>324,424</u>	<u>247,687</u>
7. Current assets		
Inventories	681	652
Trade and other receivables	263,998	208,884
Amount due from associated companies	-	1,524
Amount due from jointly controlled entities	2,007	-
Deposits with licensed financial institutions	28,792	107,752
Cash and bank balances	35,488	30,320
	<u>330,966</u>	<u>349,132</u>
8. Current liabilities		
Trade and other payables	201,793	164,166
Amount due to associated companies	22,245	24,818
Amount due to subsidiary company	-	153
Amount due to jointly controlled entities	-	9
Short term borrowings	41,447	4,868
Provision for taxation	15,607	7,187
	<u>281,092</u>	<u>201,201</u>
9. Net current assets	<u>49,874</u>	<u>147,931</u>
	<u>374,298</u>	<u>395,618</u>
10. 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	204	166
Retained profit	39,094	59,184
Total reserves	<u>256,488</u>	<u>276,540</u>
	<u>332,266</u>	<u>352,318</u>
11. Minority interests	5,987	7,267
12. Long term borrowings	5,944	8,769
13. Other long term liabilities	8,148	5,398
14. Deferred taxation	21,953	21,866
	<u>374,298</u>	<u>395,618</u>
15. Net tangible assets per share	<u>RM 4.32</u>	<u>RM 4.56</u>

The condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2001.

A subsidiary company, Maser Kentz Sdn Bhd, was not consolidated with effect from 1 January 2001 as it was placed in members' voluntary liquidation on 19 February 2001. The investment in this subsidiary company (held through Crest Marine Engineering Sdn Bhd (formerly known as Maser Engineering Sdn Bhd)) is carried at Group cost.

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III. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Nine months to 30/9/2002	Unaudited Nine months to 30/9/2001
	RM'000	RM'000
Net Profit before tax	2,146	36,779
Adjustments :		
Depreciation and amortisation	17,979	17,556
Interest expenses	1,169	2,394
Interest income	(1,243)	(904)
Non operating items	(232)	(68)
Share of profit of associated companies and jointly controlled entities	(20,518)	(17,161)
Operating profit before changes in working capital	(699)	38,596
Changes in working capital		
Net change in current assets	(55,318)	6,257
Net change in current liabilities	35,714	48,170
Cash (used for) / generated from operations	(20,303)	93,023
Interest expenses	(1,169)	(2,394)
Taxation paid	(3,630)	-
Net cash (used for)/ generated from operating activities	(25,102)	88,620
Investing Activities		
Dividend from jointly controlled entities	-	4,438
Dividend paid to minority shareholder of a subsidiary company	-	(15,122)
Acquisition of additional interest in a subsidiary company	-	(676)
Purchase of property, plant and equipment	(80,392)	(9,064)
Other investment	1,031	564
Net cash used for investing activities	(79,361)	(19,860)
Financing Activities		
Bank borrowing (net)	30,766	(22,966)
Dividend paid	(2,728)	-
Net cash (used for)/ generated from financing activities	28,038	(22,966)
Net changes in Cash and Cash Equivalent	(76,425)	45,794
Cash and Cash Equivalent at beginning of year	138,072	59,610
Cash and Cash Equivalent at end of period	61,647	105,404

The condensed Consolidated Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2001.

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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
Nine months to 30 Sept 2002 (unaudited)				
Balance at beginning of year	75,778	217,356	59,184	352,318
Dividend 5.0 sen per share less tax	-	-	(2,728)	(2,728)
Loss for the year	-	-	(17,362)	(17,362)
Currency translation differences	-	38	-	38
Balance at end of period	<u>75,778</u>	<u>217,394</u>	<u>39,094</u>	<u>332,266</u>
Nine months to 30 Sept 2001 (unaudited)				
Balance at beginning of year	75,778	214,871	25,086	315,735
Profit for the year	-	-	27,245	27,245
Balance at end of period	<u>75,778</u>	<u>214,871</u>	<u>52,331</u>	<u>342,980</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 2001.

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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. The results of former subsidiary companies, Varia Perdana Sdn. Bhd. and Tioman Drilling Company Sdn. Bhd. have been equity accounted for in the condensed consolidated financial statements with effect from 1 January 2001, and therefore, the Group's results for the preceding quarter and the preceding year to date ended 30 September 2001 have been re-stated as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Preceding year corresponding quarter 30/9/2001 RM'000 As previously reported	Preceding year corresponding quarter 30/9/2001 RM'000 Restated	Nine months to 30/9/2001 RM'000 As previously reported	Nine months to 30/9/2001 RM'000 Restated
Revenue	184,209	173,653	499,907	463,661
Profit before share of associates' results	31,920	16,401	57,757	19,618
Share of profits / (loss) of associated companies	(4,455)	5,634	(4,465)	17,161
Profit before tax and minority interests	27,465	22,035	53,292	36,779
Income tax	(4,820)	(2,791)	(17,893)	(11,025)
Profit after income tax and before minority interests	22,645	19,244	35,399	25,754
Minority interests	(2,474)	927	(8,154)	1,491
Net profit attributable to members of the Company	20,171	20,171	27,245	27,245

There is no financial impact to the net profit attributable to members of the Company arising from the change in classification for these companies.

2. Income tax consists of:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/9/2002 RM'000	Preceding year corresponding quarter 30/9/2001 RM'000 (Restated)	Nine months to 30/9/2002 RM'000	Nine months to 30/9/2001 RM'000 (Restated)
Malaysian taxation				
- current taxation	2,809	679	6,281	1,463
- under provision in respect of prior years	8,000	-	8,000	-
- deferred taxation	-	-	-	1,910
- share of taxation of associated companies / jointly controlled entities	2,608	2,112	6,507	7,149
	13,417	2,791	20,788	10,522
Foreign taxation	-	-	-	503
	13,417	2,791	20,788	11,025

The effective tax rates for the current year quarter and current year to date are higher than the statutory tax rate due to certain disallowable expenses for tax purposes, absence of Group relief for losses suffered by certain subsidiary companies and under provision of taxation in prior years.

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3. There were no disposals of unquoted investments and/or properties during the current quarter and financial period ended 30 September 2002.
- 4(a) There were no acquisitions and disposals of quoted securities for the current quarter and financial period ended 30 September 2002.
- 4(b) There were no investments in quoted securities as at 30 September 2002.
5. For the current quarter and financial period ended 30 September 2002, 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 other than that disclosed below :-

Crest Hidayat (L) Ltd ("CHLL") was incorporated in 19 July 2002. The authorised share capital of CHLL is 5,000,000 shares of USD1.00 each of which 300,000 shares of USD1.00 each are issued and fully paid. On 22 July 2002, CHLL allotted 300,000 shares of USD1.00 each to the Company, resulting in CHLL becoming a wholly owned subsidiary of the Company. CHLL is the owner of Teknik Hidayat, a drilling rig, which is currently undergoing repair, modification and full refurbishment works in the United States of America.

6. There were no corporate proposals announced but not completed as at the date of this announcement.
7. 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 30 September 2002.
8. The details of Group borrowings as at 30 September 2002 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	5,944	-	5,944	3,567	37,880	41,447
TOTAL	5,944	-	5,944	3,567	37,880	41,447

In October 2002, a subsidiary company has obtained a loan of USD35 million from a financial institution to finance the refurbishment of a drilling rig, Teknik Hidayat.

9. There were no changes in the contingent liabilities as at the date of this announcement since the preceding financial year ended 31 December 2001 other than that disclosed below :-
- (i) 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 RM206.5 million. As at 30 September 2002, an amount of RM100.2 million was utilised by certain subsidiary companies under several facilities granted by financial institutions.
- (ii) The Inland Revenue Board has sought clarification on various significant income and expense items, for certain companies in the Group in respect of prior year assessments. The potential additional tax liability that may arise is uncertain, pending submission of the requested information for finalisation and agreement by the Inland Revenue Board. While the Board and Management are taking steps to resolve the matter, a provision of RM8 million has been made in the current year quarter.
10. There were no financial instruments with off-balance sheet risks as at the date of this announcement.
11. The Company and its subsidiary companies have no outstanding material litigation as at the date of this announcement.
12. Segment information for the current financial period ended 30 September 2002 is as follows:

	Revenue	Profit/(Loss) before tax
	RM'000	RM'000
Offshore construction & installation	185,501	(33,026)
Offshore drilling	151,035	34,446
Marine Services	128,857	4,227
Unallocated corporate expenses	-	(3,501)
Elimination	(10,654)	-
Consolidated revenue/result	<u>454,739</u>	<u>2,146</u>

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13. The Group's revenue of RM168.39 million for the current quarter is 10.8% lower than the immediate preceding quarter due to decreased activities in the marine services and offshore and installation division. The Group recorded a loss before income tax of RM16.23 million for the current quarter compared with a profit before income tax RM12.88 million in the immediate preceding quarter due to losses incurred in a project undertaken by the offshore construction and installation division.
14. Review of Performance for the Current Quarter and Year-to-date

Compared with the corresponding period in the preceding year, the Group's revenue for the current quarter of RM168.39 million is 3.0% lower due to decreased activities in the offshore construction and installation division as well as the completion of a contract by the offshore drilling division. The Group registered a loss before income tax for the current quarter of RM16.23 million compared with a profit before income tax of RM22.04 million in the corresponding quarter in the preceding year, mainly due to losses incurred in a project undertaken by the offshore construction and installation division.

The Group's revenue for the current year to date of RM454.74 million is 1.9% lower than that of the corresponding period in the preceding year due to the delay in commencement of a project by the offshore construction and installation division as well as the completion of a contract by the offshore drilling division. The Group recorded a profit before income tax of RM2.15 million compared to a profit before tax of RM36.78 million for the corresponding period in the preceding year mainly due to losses incurred in a project undertaken by the offshore construction and installation division.
15. In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen from 30 September 2002 to the date of this announcement and which would substantially affect the financial results of the Group and of the Company for the nine months ended 30 September 2002.
16. The Group's operations are not materially subject to any seasonal or cyclical factors.
17. Prospects for Year 2002

The financial performance of the Group for the remaining period of the current year is dependent on the completion of an on-going offshore installation project. Measures are being taken to improve performance by reviewing schedules, resources and work procedures. Barring any unforeseen circumstances, the performance for the remaining period of the year is expected to be satisfactory.
18. No commentary is made on any variance between actual profit from forecast profit, as it does not apply to the Group.
19. A first and final dividend of 5.0 sen per share less tax on 75,778,000 ordinary shares of RM1 each in respect of the previous financial year, amounting to RM2,728,015 was paid in 2002. The Board of Directors does not recommend payment of an interim dividend for the current period ended 30 September 2002 (2001: Nil).
20. The comparative figures have been re-classified to conform with the current period's presentation, where necessary.

By Order of the Board

Kuala Lumpur
20 November 2002

TAN HWEE THIAN
RAHAYU ZULKIFLI
Company Secretaries