

**CREST PETROLEUM BHD**  
**(45631 - D)**  
**Incorporated in Malaysia**

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2002.

THE FIGURES HAVE NOT BEEN AUDITED.

**I. CONDENSED CONSOLIDATED INCOME STATEMENT**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2002	31/12/2001	31/12/2002	31/12/2001
	RM'000	RM'000	RM'000	RM'000
1. (a) <b>Revenue</b>	<b>144,930</b>	<b>303,992</b>	<b>599,669</b>	<b>767,653</b>
(b) Operating expenses	(129,969)	(294,396)	(603,632)	(726,121)
(c) Other operating income	2,103	569	3,824	1,945
(d) Profit/(Loss) from operations	17,064	10,165	(139)	43,477
(e) Finance cost	(691)	(461)	(1,860)	(2,855)
(f) Exceptional items	(116,625)	4,950	(116,625)	(6,350)
(g) <b>Profit / (Loss) before share of associates and jointly controlled entities' results</b>	<b>(100,252)</b>	<b>14,654</b>	<b>(118,624)</b>	<b>34,272</b>
(h) Share of profits of associated companies and jointly controlled entities	9,102	6,335	29,620	23,496
(i) <b>Profit/(Loss) before tax and minority interests</b>	<b>(91,150)</b>	<b>20,989</b>	<b>(89,004)</b>	<b>57,768</b>
(j) Income tax	(6,599)	(9,363)	(27,387)	(20,388)
(k) <b>Profit/(Loss) after income tax and before minority interests</b>	<b>(97,749)</b>	<b>11,626</b>	<b>(116,391)</b>	<b>37,380</b>
(l) Minority interests	149	(2,252)	1,429	(761)
(m) <b>Net profit/(Loss) attributable to members of the company</b>	<b>(97,600)</b>	<b>9,374</b>	<b>(114,962)</b>	<b>36,619</b>
2. <b>Earnings per share based on 1(m) above and 75,778,200 ( 2001 : 75,778,200) ordinary shares</b>	<b>(128.80) sen</b>	<b>12.37 sen</b>	<b>(151.71) sen</b>	<b>48.32 sen</b>

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**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at end of current quarter 31/12/2002 RM'000</b>	<b>As at preceding financial year end 31/12/2001 RM'000</b>
1. Property, plant and equipment	176,463	151,040
2. Investment in associated companies	106,621	87,851
3. Investment in subsidiary company	-	177
4. Long term investment	-	500
5. Deferred expenditure	5,465	6,708
6. Jointly controlled entities	2,232	1,411
	<u>290,781</u>	<u>247,687</u>
7. Current assets		
Inventories	315	652
Trade and other receivables	203,093	208,884
Amount due from associated companies	-	1,524
Amount due from jointly controlled entities	1	-
Deposits with licensed financial institutions	23,121	107,752
Cash and bank balances	46,745	30,320
	<u>273,275</u>	<u>349,132</u>
8. Current liabilities		
Trade and other payables	176,793	164,166
Amount due to associated companies	22,811	24,818
Amount due to subsidiary company	-	153
Amount due to jointly controlled entities	8	9
Short term borrowings	56,488	4,868
Taxation payable	19,879	7,187
	<u>275,979</u>	<u>201,201</u>
9. Net current assets / liabilities	<u>(2,704)</u>	<u>147,931</u>
	<b><u>288,077</u></b>	<b><u>395,618</u></b>
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	180	166
Retained profit	(58,506)	59,184
Total reserves	<u>158,864</u>	<u>276,540</u>
	<u>234,642</u>	<u>352,318</u>
11. Minority interests	5,938	7,267
12. Long term borrowings	21,570	8,769
13. Other long term liabilities	4,928	5,398
14. Deferred taxation	20,999	21,866
	<u>288,077</u>	<u>395,618</u>
15. <b>Net tangible assets per share</b>	<b><u>RM 3.02</u></b>	<b><u>RM 4.56</u></b>

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)) was carried at Group cost.

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**III. CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>Unaudited Twelve months to 31/12/2002</b>	<b>Audited Twelve months to 31/12/2001</b>
	RM'000	RM'000
Net Profit before tax	(89,004)	57,768
Adjustments :		
Depreciation and amortisation	24,322	23,616
Interest expenses	1,860	2,855
Interest income	(1,401)	(1,817)
Share of profit of associated companies and jointly controlled entities	(29,620)	(23,496)
Provision for impairment of fixed asset	116,625	-
Provision / ( write back of provision) for doubtful debts	4,950	(287)
Write down of other investment	500	-
Provision for inventory obsolescence	-	1,041
Non operating items	(121)	333
Operating profit before changes in working capital	<u>28,111</u>	<u>60,013</u>
Changes in working capital		
Net change in current assets	5,619	(3,794)
Net change in current liabilities	<u>11,237</u>	<u>59,081</u>
Cash generated from operations	44,967	115,300
Interest expenses	(1,860)	(2,855)
Taxation paid	(10,567)	(3,759)
Repayment of advance by former corporate shareholder	<u>304</u>	<u>-</u>
<b>Net cash generated from operating activities</b>	<b>32,844</b>	<b>108,686</b>
<b>Investing Activities</b>		
Dividend from jointly controlled entities	100	4,877
Dividend from an associated companies	-	11,167
Redemption of preference shares by an associated company	-	17,647
Dividend paid to minority shareholder of a subsidiary company	-	(18,487)
Acquisition of additional interest in a subsidiary company	-	(676)
Purchase of property, plant and equipment	(160,800)	(11,935)
Proceeds from distribution on voluntary liquidation of a subsidiary company	198	-
Others	79	1,025
<b>Net cash (used for)/generated from investing activities</b>	<b>(160,423)</b>	<b>3,618</b>
<b>Financing Activities</b>		
Net drawdown of term loan	28,228	5,032
Repayment of hire purchase and lease creditors	(2,444)	(3,086)
Net changes in short term borrowings	33,946	(35,788)
Dividend paid	<u>(2,728)</u>	<u>-</u>
<b>Net cash generated from / (used for) from financing activities</b>	<b>57,002</b>	<b>(33,842)</b>
<b>Net changes in Cash and Cash Equivalent</b>	<b>(70,577)</b>	<b>78,462</b>
Cash and Cash Equivalent at beginning of year	138,072	59,610
Effect of exchange rate translation	125	-
<b>Cash and Cash Equivalent at end of year</b>	<b><u>67,620</u></b>	<b><u>138,072</u></b>

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**

	<b>Share Capital</b>	<b>Capital Reserves</b>	<b>Retained Profits</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000
Twelve months to 31 Dec 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)
Profit for the year	-	-	(114,962)	(114,962)
Currency translation differences	-	14	-	14
Balance at end of year	<u>75,778</u>	<u>217,370</u>	<u>(58,506)</u>	<u>234,642</u>
Twelve months to 31 Dec 2001 (audited)				
Balance at beginning of year	75,778	214,871	25,086	315,735
Currency translation differences		163		163
Goodwill arising on acquisition of additional shares in a subsidiary company, written off		(186)		(186)
Redemption of preference shares by an associated companies		2,521	(2,521)	-
Share of exchange reserve of an associated company		(13)		(13)
Profit for the year	-	-	36,619	36,619
Balance at end of year	<u>75,778</u>	<u>217,356</u>	<u>59,184</u>	<u>352,318</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.
2. The audit report on the Group's financial statements for the financial year 2001 was not qualified.
3. Exceptional items consist of the following:

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current year quarter <b>31/12/2002</b>	Preceding year corresponding quarter <b>31/12/2001</b>	Twelve months to <b>31/12/2002</b>	Twelve months to <b>31/12/2001</b>
	RM'000	RM'000	RM'000	RM'000
Provision for litigation claim	-	(4,950)	-	6,350
Provision for impairment loss on a drilling rig, Teknik Hidayat, owned by a subsidiary company	116,625	-	116,625	-
	<u>116,625</u>	<u>(4,950)</u>	<u>116,625</u>	<u>6,350</u>

Due to non-payment of outstanding claims and as a result of action taken by a creditor, as further disclosed in Note 13, a rig currently under refurbishment, owned by Crest Hidayat (L) Ltd, was arrested in Texas, USA. In this respect, the Company is taking all necessary steps to regain possession of the rig and to protect the interest of the Company and its subsidiaries.

The provision was computed based on an approximate forced sale value ("FSV") of 25% of the cost of the asset at 31 December 2002. In the absence of a formal engineering assessment of the rig, the FSV was arrived at after considering a desktop valuation (that is, without any physical inspection) carried out by a professional appraiser, varied where appropriate to reflect the surrounding circumstances in respect of the assumptions made by the appraiser.

The carrying value of the rig is fundamentally dependant upon the Company securing the necessary additional funding as well as the outcome of a formal engineering assessment to be carried out, both of which are in progress at the time of this announcement. Should favourable outcomes materialise from the legal matter, the formal engineering assessment exercise and/or an amicable resolution of the outstanding claims, and adequate funding is obtained and/or a contract is secured, the carrying value will be reviewed and any overprovision will be appropriately written back in future accounting periods.

4. Income tax consists of:

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current year quarter <b>31/12/2002</b>	Preceding year corresponding quarter <b>31/12/2001</b>	Twelve months to <b>31/12/2002</b>	Twelve months to <b>31/12/2001</b>
	RM'000	RM'000	RM'000	RM'000
<b>Malaysian taxation</b>				
- current taxation	(570)	477	5,711	1,940
- under provision in respect of prior years	5,301	2,018	13,301	2,018
- deferred taxation	(1,031)	2,444	(1,031)	4,354
- share of taxation of associated companies / jointly controlled entities	2,243	4,471	8,750	11,620
	<u>5,943</u>	<u>9,410</u>	<u>26,731</u>	<u>19,932</u>
<b>Foreign taxation</b>	656	(47)	656	456
	<u>6,599</u>	<u>9,363</u>	<u>27,387</u>	<u>20,388</u>

The effective tax rates for the current quarter and current year are higher than 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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5. There were no disposals of unquoted investments and/or properties during the current quarter and financial year ended 31 December 2002.

6. (a) There were no acquisitions and disposals of quoted securities for the current quarter and financial year ended 31 December 2002.

(b) There were no investments in quoted securities as at 31 December 2002.

7. For the current quarter and financial year ended 31 December 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 on 19 July 2002. The authorised share capital of CHLL is 5,000,000 ordinary shares of USD1.00 each of which 300,000 shares of USD1.00 each were 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 undergoing repair, modification and full refurbishment works in the USA. However, due to non-payment of outstanding claims, the rig was arrested on 20 February 2003, as further disclosed in Note 13.

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

9. 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 year ended 31 December 2002.

10. The details of Group borrowings as at 31 December 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
<b><u>Borrowings</u></b>						
Domestic						
- Banks	5,460	-	5,460	2,886	37,493	40,379
Offshore						
- Bank (USD8,478,713.68)	16,110	-	16,110	16,109	-	<b>16,109</b>
<b>TOTAL</b>	<b>21,570</b>	<b>-</b>	<b>21,570</b>	<b>18,995</b>	<b>37,493</b>	<b>56,488</b>

On 2 October 2002, a subsidiary company, Crest Hidayat (L) Ltd ("CHLL") obtained a loan of USD35 million from a financial institution to finance the repair, modification and full refurbishment works of a drilling rig, Teknik Hidayat. However, on 10 January 2003, CHLL received a formal notice of cancellation from the financial institution of the balance unutilised under the Term Loan Facility. Alternative financing arrangements are currently being sourced.

11. 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 :-

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 RM339.6 million. As at 31 December 2002, an amount of RM106.3 million was utilised by certain subsidiary companies under several facilities granted by financial institutions.

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

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13. 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 Newport 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.

The Company is currently taking the necessary action to regain possession of the Teknik Hidayat. The Company has also instructed its lawyers to take all the necessary action to protect the rights and interests of the Company, SP and CHLL in relation to the said seizure.

14. Segment information for the current financial year ended 31 December 2002 is as follows:

	<b>Revenue</b>	<b>Profit/(Loss)</b>
	RM'000	before tax RM'000
Offshore construction & installation	260,903	(16,339)
Offshore drilling	197,480	(75,740)
Marine services	151,818	4,315
Unallocated corporate expenses	-	(1,240)
Elimination	(10,532)	-
Consolidated revenue/result	<u>599,669</u>	<u>(89,004)</u>

15. The Group's revenue of RM144.9 million for the current quarter is 13.9% lower than the immediate preceding quarter due to decreased activities in the marine services and offshore and installation divisions. The Group recorded loss before income tax of RM91.1 million for the current quarter compared with a loss before income tax of RM16.2 million in the immediate preceding quarter mainly due to impairment loss provided on a drilling rig, owned by a subsidiary company.

16. Review of Performance for the Current Quarter and Year

Compared with the corresponding period in the preceding year, the Group's revenue for the current quarter of RM144.9 million is 52.3% lower due to decreased activities in the offshore construction and installation, offshore drilling and marine services divisions. The Group registered a loss before income tax for the current quarter of RM91.1 million compared with a profit before income tax of RM21.0 million in the corresponding quarter in the preceding year, mainly due to impairment loss provided on a drilling rig, owned by a subsidiary company.

The Group's revenue for the current year of RM599.7 million is 21.9% lower than that of the preceding year due to the lower contract value for offshore construction and installation division as well as the completion of a contract by the offshore drilling division. The Group recorded a loss before income tax of RM89.0 million compared to a profit before tax of RM57.8 million in the preceding year mainly due to losses incurred in a project undertaken by the offshore construction and installation division and impairment loss provided on a drilling rig, owned by a subsidiary company.

17. In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen from 31 December 2002 to the date of this announcement and which would substantially affect the financial results of the Group and of the Company for the year ended 31 December 2002, other than those disclosed herein.

18. The Group's operations are not materially subject to any seasonal or cyclical factors.

19. Prospects for Year 2003

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

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20. No commentary is made on any variance between actual profit from forecast profit, as it does not apply to the Group.
21. 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 the payment of dividend for the current year ended 31 December 2002.

**By Order of the Board**

**Kuala Lumpur**  
**28 February 2003**

**TAN HWEE THIAN**  
**RAHAYU ZULKIFLI**  
**Company Secretaries**