

**VELESTO ENERGY BERHAD**  
*(formerly known as UMW OIL & GAS CORPORATION BERHAD)*  
 (COMPANY NO : 878786-H)  
 (INCORPORATED IN MALAYSIA)

**Condensed Consolidated Statement Of Comprehensive Income**  
**For The Third Quarter Ended 30th September 2018**  
 ( The Figures Have Not Been Audited )

	Current Quarter Ended 30/09/2018 RM'000	Comparative Quarter Ended 30/09/2017 RM'000	9 Months Cumulative To Date 30/09/2018 RM'000	Comparative 9 Months Cumulative To Date 30/09/2017 RM'000
<b><u>Continuing Operations</u></b>				
Revenue	150,324	180,510	383,929	394,696
Operating Expenses	(144,616)	(152,272)	(387,879)	(457,900)
Other Operating Income	36	7,572	24,536	8,747
<b>Profit / (Loss) From Operations</b>	<b>5,744</b>	<b>35,810</b>	<b>20,586</b>	<b>(54,457)</b>
Finance Costs	(21,172)	(36,317)	(62,691)	(110,320)
Share Of Profits Of Associated Company	63	68	196	265
Investment Income	2,000	3,486	8,825	11,269
<b>(Loss) / Profit Before Tax From Continuing Operations</b>	<b>(13,365)</b>	<b>3,047</b>	<b>(33,084)</b>	<b>(153,243)</b>
Taxation	(245)	(101)	(432)	(269)
<b>(Loss) / Profit From Continuing Operations, Net Of Tax</b>	<b>(13,610)</b>	<b>2,946</b>	<b>(33,516)</b>	<b>(153,512)</b>
<b><u>Other Comprehensive Income / (Loss) :</u></b>				
Translation Of Foreign Operations	58,854	(30,126)	52,624	(112,895)
Cash Flow Hedge	-	(4,384)	-	(5,559)
Other Comprehensive Income / (Loss), Net Of Tax	58,854	(34,510)	52,624	(118,454)
<b>Total Comprehensive Income / (Loss) For The Period</b>	<b>45,244</b>	<b>(31,564)</b>	<b>19,108</b>	<b>(271,966)</b>
<b><u>(Loss) / Profit For The Period Attributable To:</u></b>				
Equity Holders Of The Company	(13,569)	3,366	(32,634)	(151,737)
Non-controlling Interests	(41)	(420)	(882)	(1,775)
	<u>(13,610)</u>	<u>2,946</u>	<u>(33,516)</u>	<u>(153,512)</u>
<b><u>Total Comprehensive Income / (Loss) Attributable To:</u></b>				
Equity Holders Of The Company	45,285	(31,144)	20,036	(270,082)
Non-controlling Interests	(41)	(420)	(928)	(1,884)
	<u>45,244</u>	<u>(31,564)</u>	<u>19,108</u>	<u>(271,966)</u>
<b><u>(Loss) / Profit Per Share Attributable To Equity Holders Of The Company:</u></b>				
Basic (Sen)	(0.17)	0.16	(0.40)	(7.02)
Diluted (Sen)	(0.14)	0.16	(0.34)	(7.02)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements)

**VELESTO ENERGY BERHAD**  
(formerly known as UMW OIL & GAS CORPORATION BERHAD)

**Condensed Consolidated Statement Of Financial Position**

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>As At</b>	<b>As At</b>
	<b>30/09/2018</b>	<b>31/12/2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	3,593,204	3,643,231
Land Use Rights	2,247	2,367
Investment In Associate	2,192	2,303
Deferred Tax Assets	102	100
	<u>3,597,745</u>	<u>3,648,001</u>
<b>Current Assets</b>		
Inventories	197,952	194,841
Other Investments	164,058	-
Trade Receivables	197,303	243,887
Other Receivables	23,984	22,261
Due From Subsidiaries Of Former Holding Company	21	2,357
Deposits, Cash & Bank Balances	197,579	680,747
	<u>780,897</u>	<u>1,144,093</u>
	<u>4,378,642</u>	<u>4,792,094</u>
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable To The Equity Holders Of The Company</b>		
Share Capital	4,054,817	3,732,346
Capital Contribution - ESOS	3,187	3,243
RCPS-i	-	322,471
Warrant Reserve	211,876	211,876
Other Reserves	706,225	653,555
Accumulated Losses	(2,192,762)	(2,160,128)
	<u>2,783,343</u>	<u>2,763,363</u>
Non-controlling Interests	1,441	830
<b>TOTAL EQUITY</b>	<u>2,784,784</u>	<u>2,764,193</u>
<b>Non-Current Liabilities</b>		
Long Term Borrowings	1,369,252	1,398,528
	<u>1,369,252</u>	<u>1,398,528</u>
<b>Current Liabilities</b>		
Taxation	367	435
Short Term Borrowings	80,510	461,115
Trade Payables	103,132	119,128
Other Payables	40,006	43,351
Due To Former Holding Company	-	3,926
Due To Subsidiaries Of Former Holding Company	591	1,418
	<u>224,606</u>	<u>629,373</u>
<b>TOTAL LIABILITIES</b>	<u>1,593,858</u>	<u>2,027,901</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>4,378,642</u>	<u>4,792,094</u>
<b>Net Assets Per Share (RM)</b>	<b>0.3388</b>	<b>0.3948</b>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements)

**VELESTO ENERGY BERHAD**  
(formerly known as UMW OIL & GAS CORPORATION BERHAD)

**Condensed Consolidated Statement Of Changes In Equity For The Period Ended 30th September 2018**

	← Non - Distributable							→ Distributable					Total RM'000	Non - Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Share Options Reserve RM'000	RCPS-i RM'000	Warrant Reserve RM'000	Capital Reserve RM'000	Foreign Currency Translation Reserve RM'000	Gain On Derecognition of Intercompany Financial Liabilities RM'000	Hedging Reserves RM'000	Accumulated Losses RM'000					
<b>9 MONTHS ENDED 30TH SEPTEMBER 2018</b>															
At 1st January 2018	3,732,346	-	3,243	322,471	211,876	698	574,712	78,145	-	(2,160,128)	2,763,363	830	2,764,193		
Transactions With Owners															
Conversion Of RCPS-i To Share Capital	322,471	-	-	(322,471)	-	-	-	-	-	-	-	-	-		
Disposal Of Subsidiary	-	-	(56)	-	-	-	-	-	-	-	(56)	1,539	1,483		
Total Comprehensive Loss	-	-	-	-	-	-	52,670	-	-	(32,634)	20,036	(928)	19,108		
At 30th September 2018	4,054,817	-	3,187	-	211,876	698	627,382	78,145	-	(2,192,762)	2,783,343	1,441	2,784,784		

**Condensed Consolidated Statement Of Changes In Equity For The Period Ended 30th September 2017**

	← Non - Distributable							→ Distributable					Total RM'000	Non - Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Share Options Reserve RM'000	RCPS-i RM'000	Warrant Reserve RM'000	Capital Reserve RM'000	Foreign Currency Translation Reserve RM'000	Gain On Derecognition of Intercompany Financial Liabilities RM'000	Hedging Reserves RM'000	Accumulated Losses RM'000					
<b>9 MONTHS ENDED 30TH SEPTEMBER 2017</b>															
At 1st January 2017	1,081,000	1,372,819	3,243	-	-	698	749,653	78,145	5,559	(1,033,129)	2,257,988	3,213	2,261,201		
Transactions With Owners															
Transfer To Share Capital	1,372,819	(1,372,819)	-	-	-	-	-	-	-	-	-	-	-		
Total Comprehensive Loss	-	-	-	-	-	-	(112,786)	-	(5,559)	(151,737)	(270,082)	(1,884)	(271,966)		
At 30th September 2017	2,453,819	-	3,243	-	-	698	636,867	78,145	-	(1,184,866)	1,987,906	1,329	1,989,235		

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements)

**VELESTO ENERGY BERHAD**  
*(formerly known as UMW OIL & GAS CORPORATION BERHAD)*  
**Condensed Consolidated Statement Of Cash Flows**  
**For The Period Ended 30th September 2018**

	<b>9 Months Ended 30/09/2018 RM'000</b>	<b>9 Months Ended 30/09/2017 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss Before Tax	(33,084)	(153,243)
Adjustments For:		
Depreciation & Amortisation	136,192	191,081
Net Loss / (Gain) On Disposal Of Property, Plant & Equipment	1,006	(381)
Interest Expense	62,691	110,320
Share Of Results Of Associate	(196)	(265)
Net Unrealised Foreign Exchange Loss	5,118	3,912
Net Fair Value Gain On Money Market Fund	(15)	-
Interest Income	(8,825)	(11,269)
Property, Plant & Equipment Written Off	3,806	9
Operating Profit Before Working Capital Changes	166,693	140,164
Decrease / (Increase) In Receivables	40,608	(82,229)
Decrease In Inventories	532	4,272
Net Changes In Former Related Company Balances	(2,416)	11,714
Decrease In Payables	(37,663)	(34,473)
Cash Generated From Operating Activities	167,754	39,448
Interest Paid	(65,592)	(111,971)
Taxes Paid	(262)	(956)
Net Cash Generated From / (Used In) Operating Activities	101,900	(73,479)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase Of Property, Plant & Equipment	(24,277)	(9,596)
Proceeds From Disposal Of Property, Plant & Equipment	1,242	7,336
Net Proceeds From Disposal Of Subsidiary	67	-
Interest Received	19,316	11,269
Dividend Received From Associate	307	349
Investment In Money Market Fund	(189,127)	-
Proceeds From Disposal Of Money Market Fund	25,084	-
Net Cash (Used In) / Generated From Investing Activities	(167,388)	9,358
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment Of Long Term Borrowings	(29,700)	(195,619)
Net Movement In Short Term Borrowings	(389,289)	66,499
Net Cash Used In Financing Activities	(418,989)	(129,120)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(484,477)	(193,241)
<b>CASH AND CASH EQUIVALENTS AS AT 1ST JANUARY</b>	680,747	891,471
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	1,309	(3,861)
<b>CASH AND CASH EQUIVALENTS AS AT 30TH SEPTEMBER</b>	197,579	694,369

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements)

## **Explanatory Notes**

### **NOTE 1 – Significant accounting policies**

#### **Basis of preparation**

The interim financial statements have been prepared in accordance with the requirements of IAS 34, Interim Financial Reporting and MFRS 134, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The significant accounting policies and methods of computation in the interim financial statements are consistent with those in the annual audited financial statements for the year ended 31st December 2017.

### **NOTE 2 – Seasonal or Cyclical Factors**

The Group is principally engaged in:

- (a) the provision of drilling services for exploration, development and production wells and workover services to the upstream sector of the oil and gas industry; and
- (b) the provision of threading, inspection and repair services for Oil Country Tubular Goods in Malaysia and overseas, with a focus on premium connections used in high-end and complex wells.

The Group's products and services are dependent on the level of activity of, and the corresponding capital spending by oil and gas companies, which are affected by volatile oil and natural gas prices and cyclicity in the offshore drilling and oilfield services industries.

### **NOTE 3 – Exceptional Items**

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows during the period ended 30th September 2018.

### **NOTE 4 – Accounting Estimates**

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect during the period ended 30th September 2018.

### **NOTE 5 – Issuance or Repayment of Debt and Equity Securities**

There were no issuances and repayment of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the period ended 30th September 2018.

### **NOTE 6 – Dividends Paid**

There was no dividend paid during the period ended 30th September 2018.

## NOTE 7 – Segmental Reporting

	Nine Months Ended 30th September 2018		
Business Segment	Revenue RM'000	Profit / (Loss) Before Tax RM'000	Profit / (Loss) Attributable to Owners of the Company RM'000
Drilling Services	370,561	(66,036)	(66,316)
Oilfield Services	12,552	(6,920)	(6,140)
Others	816	39,872	39,822
<b>Consolidated Total</b>	<b>383,929</b>	<b>(33,084)</b>	<b>(32,634)</b>

	Nine Months Ended 30th September 2017		
Business Segment	Revenue RM'000	Loss Before Tax RM'000	Loss Attributable to Owners of the Company RM'000
Drilling Services	381,044	(128,334)	(127,984)
Oilfield Services	13,215	(3,792)	(2,616)
Others	437	(21,117)	(21,137)
<b>Consolidated Total</b>	<b>394,696</b>	<b>(153,243)</b>	<b>(151,737)</b>

The decrease in total assets during the nine-month period ended 30th September 2018 was mainly due to depreciation of RM136.2 million and offset from translation gain of approximately RM68.0 million from the strengthening of United States Dollar upon translation of the Group's fixed assets denominated in USD to RM, the presentation currency of the Company. Deposit, cash & bank balances was also reduced due to settlement of short term borrowings amounting to RM397.4 million.

Other than the above, there has been no material movement in total assets as compared to the last annual financial statements.

## NOTE 8 – Subsequent Material Events

In the opinion of the Directors, there has been no material event or transaction during the period from 30th September 2018 to the date of this announcement, which affects substantially the results of the Group for the period ended 30th September 2018.

## NOTE 9 – Changes in Composition / Group

1. On 8th February 2018, the Group announced that it had disposed its entire shareholdings of 318,750 ordinary shares in UMW Oilpipe Services (Turkmenistan) Ltd ("UOS-TK") representing 51% of the issued share capital of UOS-TK ("UOS-TK Shares").

The UOS-TK Shares is owned by UMW Malaysian Ventures Sdn. Bhd., a wholly-owned subsidiary of the Group and the disposal was made to Mr. Ng Shin Yueh for a cash consideration of USD252,450.00.

Following the disposal, UOS-TK ceases to be a subsidiary of the Group.

2. On 26th February 2018, The Board of Directors of the Group announced that UMW JDC Drilling Sdn. Bhd. ("UJD"), an 85% owned subsidiary of the Group, has been placed under members' voluntary winding-up.

The above changes are not expected to have any material effect on the net assets per share, earnings per share and gearing of the Group for the financial year ending 31st December 2018.

Other than the above, there were no changes in the composition of the Group during the period ended 30th September 2018.

## NOTE 10 – Commitments for the purchase of Property, Plant and Equipment

These are in respect of capital commitments:

	RM'000	RM'000
<b>Approved and contracted for:</b>		
Land and buildings	-	
Equipment, plant and machinery	8,333	
Others	126	8,459
	<hr/>	
<b>Approved but not contracted for:</b>		
Land and buildings	4,343	
Equipment, plant and machinery	61,534	
Others	531	66,408
	<hr/>	<hr/>
<b>Total</b>		<b>74,867</b>

## NOTE 11 - Significant Related Party Transactions

This is not applicable to the Group.

## NOTE 12 – Classification of Financial Assets

There were no changes in the classification of financial assets as a result of a change in the purpose or use of the asset.

## NOTE 13 – Changes in Contingent Liabilities and Contingent Assets

There were no material contingent liabilities and contingent assets as at 30th September 2018.

## NOTE 14 – Review of Performance

### Current Quarter Ended 30th September 2018

	Revenue		Profit / (Loss) Before Tax	
	3rd Quarter ended 30/09/2018 RM'000	3rd Quarter ended 30/09/2017 RM'000	3rd Quarter ended 30/09/2018 RM'000	3rd Quarter ended 30/09/2017 RM'000
<b>Business Segment</b>				
Drilling Services	144,998	176,116	(18,919)	10,067
Oilfield Services	4,907	4,114	(4,160)	(1,718)
Others	419	280	9,714	(5,302)
<b>Total</b>	<b>150,324</b>	<b>180,510</b>	<b>(13,365)</b>	<b>3,047</b>

### Group

Group revenue of RM150.3 million for the third quarter ended 30th September 2018 was lower than the RM180.5 million registered in the same quarter of 2017 by RM30.2 million or 16.7%. The Drilling Services segment reported a lower revenue in the third quarter of 2018 as a result of lower rigs utilisation.

Consequently, the Group recorded a loss before tax of RM13.4 million in the third quarter of 2018 against a profit of RM3.0 million recorded in the same quarter of 2017.

## Drilling Services Segment

In the third quarter of 2018, the Drilling Services segment contributed revenue of RM145.0 million or 96.5% of the total revenue of RM150.3 million, a decrease of RM31.1 million or 17.7% from the RM176.1 million recorded in the same quarter of 2017. Whilst all the seven jack-up rigs were income-generating, only two of them contributed a full-quarter revenue in the third quarter of 2018 compared to four in the same period of 2017. The average asset utilisation rate was 75% as compared to 90% in the same period of 2017.

Consequently, the Drilling Services segment incurred a loss before tax of RM18.9 million in the third quarter of 2018 compared to a profit of RM10.1 million reported in the same quarter of 2017.

## Oilfield Services Segment

The Oilfield Services segment contributed revenue of RM4.9 million or 3.3% of the total revenue of RM150.3 million in the third quarter of 2018, an increase of RM0.8 million or 19.5% from the RM4.1 million registered in the same quarter of 2017. The increase was due to higher demand from our subsidiaries in Labuan and Tianjin, China.

However, the Oilfield Services segment reported a higher loss before tax of RM4.2 million in the third quarter of 2018 as compared to the loss of RM1.7 million recorded in the same quarter of 2017, an increase of RM2.5 million or 147.1%. The loss was mainly due to a provision for retrenchment benefit amounting to approximately RM4.0 million for a subsidiary in Labuan

### Nine Months Ended 30th September 2018

	Revenue		Profit / (Loss) Before Tax	
	Nine Months ended 30/09/2018 RM'000	Nine Months ended 30/09/2017 RM'000	Nine Months ended 30/09/2018 RM'000	Nine Months ended 30/09/2017 RM'000
<b>Business Segment</b>				
Drilling Services	370,561	381,044	(66,036)	(128,334)
Oilfield Services	12,552	13,215	(6,920)	(3,792)
Others	816	437	39,872	(21,117)
<b>Total</b>	<b>383,929</b>	<b>394,696</b>	<b>(33,084)</b>	<b>(153,243)</b>

## Group

For the nine-month period ended 30th September 2018, the Group recorded total revenue of RM383.9 million, a slight decrease of RM10.8 million or 2.7%, compared to the RM394.7 million recorded in the same period of 2017. Despite a higher rig utilisation achieved for the nine-month period of 2018, the lower revenue is due mainly to lower average foreign exchange rate used for the conversion of US Dollar to Ringgit Malaysia in 2018 as compared to the same period of 2017.

However, the Group posted a significantly lower loss before tax of RM33.1 million for the nine-month period ended 30th September 2018 against the RM153.2 million loss recorded in the same period of 2017, an improvement of RM120.1 million or 78.4%. This was due to lower operating cost, interest expense and depreciation, as well as a net foreign exchange gain recorded for the period.

## Drilling Services Segment

The Drilling Services segment contributed revenue of RM370.6 million or 96.5% of the total revenue of RM383.9 million for the nine-month period ended 30th September 2018, a decrease of RM10.4 million or 2.7% over the RM381.0 million recorded in the same period of 2017. Whilst all seven jack-up rigs were income generating for the nine-month period, only one of them achieved 100% asset utilisation as compared to two rigs in the same period of 2017. The average asset utilisation rate was 67% as compared to 61% in the same period of 2017. The higher rig utilisation was offset by lower average foreign exchange rate used for the conversion of US Dollar to Ringgit Malaysia compared to the rate used in 2017.

As a result, the Drilling Services segment incurred a lower loss before tax of RM66.0 million for the nine-month period ended 30th September 2018 compared to the loss of RM128.3 million reported in the same period of 2017, an improvement of RM62.3 million or 48.6%. Lower operating cost, interest expense and depreciation contributed to the lower loss during the current period.

### Oilfield Services Segment

The Oilfield Services segment contributed revenue of RM12.6 million or 3.3% of the total revenue of RM383.9 million for the nine-month period ended 2018, a slight reduction of RM0.6 million or 4.5% over the RM13.2 million registered in the same period of 2017. The revenue reduction was mainly due to lower demand for threading activities in Labuan and cessation of operation in our Thailand subsidiary.

Consequently, the Oilfield Services segment reported a higher loss before tax of RM6.9 million for the nine-month period ended 30th September 2018 versus a loss of RM3.8 million recorded in the same period of 2017, an increase of RM3.1 million or 81.6% due mainly to a provision for retrenchment benefit amounting to approximately RM4.0 million for a subsidiary in Labuan.

### NOTE 15 – Comparison with Preceding Quarter’s Results

	Revenue		Profit / (Loss) Before Tax	
	3rd Quarter ended 30/09/2018 RM'000	2nd Quarter ended 30/06/2018 RM'000	3rd Quarter ended 30/09/2018 RM'000	2nd Quarter ended 30/06/2018 RM'000
<b>Business Segment</b>				
Drilling Services	144,998	107,547	(18,919)	(29,039)
Oilfield Services	4,907	4,013	(4,160)	(2,030)
Others	419	282	9,714	6,411
<b>Total</b>	<b>150,324</b>	<b>111,842</b>	<b>(13,365)</b>	<b>(24,658)</b>

Group revenue of RM150.3 million for the third quarter of 2018 was higher than the RM111.8 million achieved in the second quarter of 2018 by RM38.5 million or 34.4% as a result of higher rigs utilisation. Whilst all seven jack-up drilling rigs were operational in the third quarter of 2018, only two rigs have 100% utilisation, resulting in an average quarterly asset utilisation rate of 75% compared to the 59% for the second quarter of 2018.

As a result, the Group posted a lower loss of RM13.4 million in the third quarter of 2018 compared to a loss of RM24.7 million reported in the second quarter of 2018, an improvement of RM11.3 million or 45.7%.

### NOTE 16 – Current Prospect

#### Drilling Services Segment

The benchmark Brent oil price experienced major fluctuations recently after stabilising within USD70-USD80 per barrel range for more than 6 months. This is mainly due to shifting US positions on Iranian oil sanction and the increase in US shale production, offset by the corresponding change in responses from OPEC and non-OPEC major producers.

The increasing activities in the industry are continuing due to the general consensus that oil price will be in high range for longer period. The global utilization of drilling rigs continues to improve and is expected to improve further in the medium term.

At present, six out of the Group’s seven jack-up drilling rigs are working with one has just completed its current contract. Two more are expected to complete their contracts by end of the year while the rest will continue into 2019. Based on current outlook, an increased number of new drilling contracts are available starting from the second quarter of 2019.

The Group is aggressively bidding and negotiating for the new contracts to replace expiring ones. However, time charter rates are expected to remain challenging due to global oversupply of rigs.

## Oilfield Services Segment

The recovery in the oilfield services sector is still insufficient to improve the demand for our services. The Group is reducing its involvement in this segment by disposing and closing non-contributing subsidiaries and will continuously evaluate the viability of the remaining business. The financial impact to the Group is minimal as this segment's contribution to the Group is considerably small.

### Group

A higher utilisation of both jack-up drilling rigs and hydraulic workover rigs in the second half of the year is expected to improve the financial performance of the Group for 2018.

### NOTE 17 – Statement on Revenue and Profit Forecast

This is not applicable to the Group.

### NOTE 18 – Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

### NOTE 19 – Taxation

	3rd Quarter ended 30/09/2018 RM'000	Nine Months ended 30/09/2018 RM'000
Taxation for current period	238	428
Over provision in prior periods	9	6
	247	434
Deferred taxation	(2)	(2)
Total	245	432

Several companies in the Group were profitable and in tax payable position while the rest of the companies were in a loss position. Hence the tax charge of RM245,000 and RM432,000 for the current quarter and the nine-month period ended 30th September 2018, respectively.

### NOTE 20 – Corporate Proposals

(a) There were no other corporate proposals announced but not completed at the date of this announcement.

#### (b) Status of Utilisation of Proceeds

Not applicable

**NOTE 21 – Group Borrowings and Debt Securities**

	RM'000	RM'000	USD'000
Short term borrowings			
- Secured			
Portion of long term loans payable within 12 months	80,510	80,510	19,419
	<hr/>	<hr/>	<hr/>
		80,510	19,419
		<hr/>	<hr/>
Long term borrowings			
- Secured			
Long term loans	1,483,231		357,750
Portion of long term loans payable within 12 months	(80,510)		(19,419)
Less: Transaction cost	(33,469)		
	<hr/>	1,369,252	
		<hr/>	<hr/>
		1,369,252	338,331
		<hr/>	<hr/>

<b>Movements of Borrowings</b>	<b>Short Term Borrowings</b>	<b>Long Term Borrowings</b>
	RM '000	RM '000
Opening Balance	461,115	1,398,528
Add : Transaction cost	-	39,928
(Less)/Add : Amount payable within 12 months	(44,174)	44,174
Adjusted Opening Balance	<hr/> 416,941	<hr/> 1,482,630
Less : Exchange Difference	(19,568)	30,301
Less : Repayment	(397,373)	(29,700)
	-	1,483,231
Less : Transaction cost	-	(33,469)
Add/(Less) : Amount payable within 12 months	80,510	(80,510)
Closing Balance	<hr/> 80,510	<hr/> 1,369,252

**NOTE 22 – Material Litigation**

Reference is made to the disclosure on material litigation in the Abridged Prospectus dated 25th September 2017 and subsequent announcements made to Bursa Malaysia thereof.

The Board continues to assess the best approach in enforcing the arbitration Award against Frontier Oil Corporation (“FOC”). Considering the lengthy process and duration in enforcing the Award, the Board is of the view that the said Award is not expected to have any financial impact to the Company for the financial year ending 31st December 2018.

Other than the above, there was no material litigation pending on the date of this announcement.

**NOTE 23 – Dividend**

No dividend has been recommended for the quarter ended 30th September 2018.

**NOTE 24 – Earnings Per Share**

Basic loss per share for the current quarter and the nine-month period ended 30th September 2018 are calculated by dividing the net loss attributable to equity holders of the Company of RM13,569,000 and RM32,634,000, respectively, by the weighted average number of ordinary shares in issue as at 30th September 2018 of 8,094,759,000 shares.

Diluted basic loss per share for the current quarter and the nine-month period ended 30th September 2018 are calculated by dividing the net loss attributable to equity holders of the Company of RM13,569,000 and RM32,634,000, respectively, by the adjusted weighted average number of ordinary shares in issue and issuable as at 30th September 2018 of 9,608,159,000 shares.

**NOTE 25 – Audit Qualification**

The audit report in respect of the annual financial statements of the Company for the financial year ended 31st December 2017 was not qualified.

**NOTE 26 – Items to Disclose in the Statement of Comprehensive Income**

	<b>3rd Quarter ended 30/09/2018 RM'000</b>	<b>Nine Months ended 30/09/2018 RM'000</b>
(a) Interest income	647	6,802
(b) Other Investment Income	1,353	2,023
(c) Depreciation and amortisation	(46,850)	(136,192)
(d) Net gain / (loss) on disposal of property, plant and equipment	63	(1,006)
(e) Net foreign exchange (loss) / gain	(1,529)	13,842
(f) Property, plant and equipment written off	(3,800)	(3,806)

**By Order Of The Board**

**MOHD NIZAMUDDIN BIN MOKHTAR**  
**Secretary**  
**(LS0010247)**

Kuala Lumpur  
23rd November 2018