

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 2013
(The Figures Have Not Been Audited)

	Current Quarter Ended 30/09/2013 RM'000	9 Months Cumulative To Date 30/09/2013 RM'000
<u>Continuing Operations</u>		
Revenue	205,342	530,622
Operating Expenses	(145,626)	(395,246)
Other Operating Income	318	37,397
Profit From Operations	60,034	172,773
Finance Costs	(5,942)	(23,087)
Share Of Profits Of Associated Company	47	365
Investment Income	313	804
Profit Before Tax from continuing operations	54,452	150,855
Taxation	(2,970)	(10,521)
Profit From Continued Operations, Net Of Tax	51,482	140,334
<u>Discontinued Operation</u>		
Gain / (Loss) From Discontinued Operation, Net Of Tax	5,820	(1,400)
Profit Net Of Tax	57,302	138,934
<u>Other Comprehensive Income :</u>		
Translation Of Foreign Operations	12,219	15,285
Gain From Derecognition Of Financial Liabilities	35,509	35,509
Other Comprehensive Income Net of Tax	47,728	50,794
Total Comprehensive Income for the period	105,030	189,728
<u>Profit For The Period Attributable To:</u>		
Equity Holders Of The Company	56,951	137,686
Non-controlling Interests	351	1,248
	57,302	138,934
<u>Total Comprehensive Income Attributable To :</u>		
Equity Holders Of The Company	104,596	188,311
Non-controlling Interests	434	1,417
	105,030	189,728
EPS Attributable to Equity Holders of The Company:		
Basic (Sen)	3.68	8.88
EPS From Continuing Operations Attributable To Equity Holders of The Company:		
Basic (Sen)	3.30	8.97
Earning or (Loss) Per Share From Discontinued Operation Attributable To Equity Holders of The Company:		
Basic (Sen)	0.38	(0.09)

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

UMW OIL & GAS CORPORATION BERHAD

Condensed Consolidated Statement of Financial Position

(Unaudited)
As At
30/09/2013
RM'000

ASSETS

Non-Current Assets

Property, Plant and Equipment	2,238,172
Land Use Rights	2,081
Intangible Assets	11,291
Investments In Associate	2,272
Deferred Tax Assets	4,605
	<u>2,258,421</u>

Current Assets

Inventories	60,056
Trade Receivables	212,473
Other Receivables	17,059
Due From Related Companies Of Holding Company	4,840
Derivative Assets	3
Deposits, Cash & Bank Balances	222,713
	<u>517,144</u>

TOTAL ASSETS

2,775,565

EQUITY AND LIABILITIES

Equity Attributable To The Equity Holders Of The Company

Share Capital	775,100
Capital Reserve	3,116
Foreign Currency Translation Reserve	46,664
Retained Profits	231,690
	<u>1,056,570</u>
Non-controlling interests	5,693
Total Equity	<u>1,062,263</u>

Non-Current Liabilities

Deferred Tax Liabilities	4,518
Long Term Borrowings	540,577
	<u>545,095</u>

Current Liabilities

Short Term Borrowings	415,417
Trade Payables	111,885
Other Payables	43,531
Due To Holding Company And Its Related Companies	597,082
Derivative Liabilities	292
	<u>1,168,207</u>

TOTAL LIABILITIES

1,713,302

TOTAL EQUITY AND LIABILITIES

2,775,565

Net Assets per share (RM)

0.6816

(The Condensed Consolidated Statement of Financial Position has been prepared based on pooling of interests method and should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements)

UMW OIL & GAS CORPORATION BERHAD

Condensed Consolidated Statement of Changes in Equity for the Period Ended 30th September 2013

	Share Capital RM'000	Capital Reserve RM'000	Foreign Currency Translation Reserve RM'000	Retained Profits RM'000	Total RM'000	Non - Controlling Interests RM'000	Total Equity RM'000
<--- Non-Distributable ---> Distributable							
9 MONTHS ENDED 30TH SEPTEMBER 2013							
At 1st January 2013	-	4,065	(3,961)	94,004	94,108	7,078	101,186
Transactions with owners							
Issue of ordinary shares	775,100	-	-	-	775,100	-	775,100
Disposal of subsidiaries	-	(949)	-	-	(949)	(2,578)	(3,527)
Liquidation of subsidiaries	-	-	-	-	-	(224)	(224)
Total comprehensive income	-	-	50,625	137,686	188,311	1,417	189,728
At 30th September 2013	775,100	3,116	46,664	231,690	1,056,570	5,693	1,062,263

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

UMW OIL & GAS CORPORATION BERHAD

Condensed Consolidated Statement of Cash Flows for the Period Ended 30th September 2013

	9 Months Ended 30/09/2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation from continuing operations	150,855
Loss from discontinued operation	<u>(1,400)</u>
	149,455
Adjustments For:	
Depreciation & Amortisation	63,705
Net gain on disposal of property, plant and equipment	(30,417)
Interest expense	23,087
Share of results of associate	(365)
Impairment loss on receivables	741
Net fair value gain on derivatives	(238)
Net unrealised foreign exchange loss	6,860
Interest income	(804)
Property, plant and equipment written-off	<u>7,680</u>
Operating Profit Before Working Capital Changes	219,704
Decrease in receivables	3,034
Increase in inventories	(4,326)
Decrease in amount due to holding company and its related companies	(18,295)
Decrease in payables	<u>(74,491)</u>
Cash generated from operating activities	125,626
Interest paid	(18,112)
Taxation paid	<u>(13,341)</u>
Net Cash Generated From Operating Activities	<u>94,173</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net cash inflow on disposal of subsidiaries	12,812
Net cash inflow on disposal of associate	19,150
Acquisition of subsidiaries	(261,275)
Purchase of properties, plant & equipment	(586,134)
Proceeds from disposal of properties, plant & equipment	53,259
Interest income	804
Net Cash Used In Investing Activities	<u>(761,384)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Issuance of shares	45,000
Advances from holding company	536,288
Repayment of long-term borrowings	(106,981)
Drawdown of long-term borrowings	50,877
Net movement in short-term borrowings	<u>227,668</u>
Net Cash Generated From Financing Activities	<u>752,852</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	85,641
CASH AND CASH EQUIVALENTS AS AT 1ST JANUARY	131,107
EFFECTS OF EXCHANGE RATE CHANGES	5,965
CASH AND CASH EQUIVALENTS AS AT 30TH SEPTEMBER	<u><u>222,713</u></u>

(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 (“Bursa Securities”).

In conjunction with, and as an integral part of listing, the Company had implemented and completed the Internal Reorganisation as set out in Section 6.1.2 of the Company’s Prospectus dated 3rd October 2013. The Group was legally formed upon completion of the Internal Reorganisation on 30th August 2013. The Internal Reorganisation involved the following:

- a) The incorporation of UMW Rig Asset (L) Ltd (“URA”).
- b) The acquisitions of intermediate holding companies listed below.
 - UMW Malaysian Ventures Sdn Bhd (“UMV”)
 - UMW JDC Drilling Sdn Bhd (“UJD”)
 - UMW Singapore Ventures Pte Ltd (“USV”)
- c) The acquisitions of the remaining subsidiaries and associate of the Group as listed in Section 6.2 of the Company’s Prospectus dated 3rd October 2013 by UMV, USV and URA.

UMV, UJD, USV, URA and the remaining subsidiaries and associate are hereinafter referred to as the “Combining Entities”. The Combining Entities were under common control of UMW Holdings Berhad before and after the business combination. The Group has applied the pooling of interests method for business combination under common control. In applying the pooling of interests method, the Combining Entities’ financial statements are included in the consolidated financial statements of the Company as if the combination had occurred from the date when the combining entities first came under the control of UMW Holdings Berhad.

The interim financial statements have been prepared using historical cost basis except for certain financial assets and financial liabilities that are stated at fair value. The financial information presented herein has been prepared in accordance with the accounting policies disclosed in the Accountants’ Report in Section 13 of the Prospectus of the Company dated 3rd October 2013.

New and Revised MFRSs

As of 1st January 2013, the Group has adopted the following new and revised MFRSs, amendments and IC interpretations which are effective for annual periods beginning on or after 1st January 2013:

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (revised)
Amendments to MFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 101	Presentation of Financial Statements (Annual Improvements 2009 - 2011 Cycle)
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2009 - 2011 Cycle)
Amendments to MFRS 132	Financial Instruments: Presentation (Annual Improvements 2009 - 2011 Cycle)
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2009 - 2011 Cycle)
Amendments to MFRS 7	Disclosures: Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 1	First Time Adoption of MFRSs (Annual Improvements 2009 - 2011 Cycle)

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;
- b) the provision of threading, inspection and repair services for OCTG in Malaysia and overseas, with a focus on premium connections used in high-end and complex wells; and
- c) acting as agent in Malaysia for international companies providing specialised drilling equipment and services.

The Group's products and services are generally dependent on the level of activity of, and the corresponding capital spending by oil and gas companies, which may be 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 for the period ended 30th September 2013 other than the following:

- a) gain of RM30.4 million from the disposal of a parcel of real property in Singapore;
- b) gain on de-recognition of financial liabilities of RM35.5 million as mentioned on page 311 of the Company's Prospectus dated 3rd October 2013. This gain is recognised in the Other Comprehensive Income. A translation loss of the same amount was previously recognised in the Other Comprehensive Income; and
- c) net loss of RM1.4 million from discontinued operation mainly from the disposals of companies which are not part of the Group, but were legally held by the Group as detailed in Note 9 below.

NOTE 4 – Accounting Estimates

This is not applicable to the Group in view that this announcement is the Group's first quarterly announcement following its listing on 1st November 2013 on the Main Market of Bursa Securities.

NOTE 5 – Issuance or Repayment of Debt and Equity Securities

During the quarter ended 30th September 2013, the Company increased its issued and paid-up share capital from:

- a) RM2 to RM45,000,002 by way of issuance of 90,000,000 new ordinary shares of RM0.50 each to UMW Holdings Berhad ("UMWH") for cash on 6th August 2013; and
- b) RM45,000,002 to RM775,100,000 by way of issuance of 1,460,199,996 new ordinary shares of RM0.50 each to UMWH on 30th August 2013 in exchange for the settlement of 55% of the amount due to UMWH by the Company pursuant to the Internal Reorganisation of UMWH.

The new ordinary shares issued during the quarter ranked pari passu in all respects with the existing ordinary shares of the Company.

Other than the above, there were no issuances and repayment of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period ended 30th September 2013.

NOTE 6 – Dividends Paid

There was no dividend paid during the period ended 30th September 2013.

NOTE 7 – Segmental Reporting

Business Segment	Nine Months Ended 30th September 2013		
	Revenue RM'000	Profit Before Taxation RM'000	Profit Attributable to Owners of the Company RM'000
Drilling Services	496,794	127,465	118,277
Oilfield Services	33,286	7,109	4,528
Others	542	16,281	16,281
Sub-Total	530,622	150,855	139,086
Less: Discontinued Operation	-	-	(1,400)
Consolidated Total	530,622	150,855	137,686

During the interim period, total assets increased mainly due to capital expenditure incurred in relation to the acquisitions of NAGA 4 and NAGA 5 premium jack-up offshore drilling rigs.

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 2013 to the date of this announcement, which affects substantially the results of the Group for the period ended 30th September 2013.

NOTE 9 – Changes in Composition / Group

Internal Reorganisation

As set out in Section 6.1.2 of the Company's Prospectus dated 3rd October 2013, the Group was legally formed upon completion of the Internal Reorganisation on 30th August 2013. Information on the group structure, the Company as well as subsidiaries and associate in the Group are as set out in Sections 6.1 and 6.2 of the Company's Prospectus dated 3rd October 2013.

Discontinued Operation

In addition to the Internal Reorganisation stated above, the following companies which are not part of the Group, but were legally held by the Group, were either disposed of or placed under members' voluntary winding up as detailed below.

- a) On 29th April 2013, UMW Deepnautic Sdn Bhd, a dormant company held by UMV, a 100%-owned subsidiary of the Company was placed under members' voluntary winding up.
- b) On 15th July 2013, UMW Pressure Control Sdn Bhd, a 51%-owned subsidiary of UMW Petrodril (Malaysia) Sdn Bhd ("UPD") was placed under members' voluntary winding up.
- c) On 20th August 2013, UMV disposed of its 60%-owned subsidiary, UMW Synergistic Generation Sdn Bhd to UMW Corporation Sdn Bhd for a cash consideration of RM10,030,001.
- d) On 20th August 2013, USV, a 100%-owned subsidiary of the Company, disposed of its 100% and 40% equity interest in UMW Marine & Offshore Pte Ltd and Sichuan Haihua (Petroleum) Steelpipe Co. Ltd, respectively to UMW Petropipe (L) Ltd for a total cash consideration of RM19,150,633.

- e) On 30th August 2013, the winding up of UMW Petrodril Siam Co. Ltd., a dormant subsidiary of UPD, was fully completed.

In view that the above-stated companies do not form part of the Group, their financial results for the period from 1st January 2013 up to the date of disposal or liquidation, are presented separately on the Consolidated Statement of Comprehensive Income as "Gain / (Loss) From Discontinued Operation, Net Of Tax".

Other than the above, there were no changes in the composition of the Group since the Group was legally formed on 30th August 2013.

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

These are in respect of capital commitments:

	RM'000	RM'000
Approved and contracted for:		
Land and buildings	105	
Equipment, plant and machinery	522,085	
Others	30	522,220
Approved but not contracted for:		
Land and buildings	-	
Equipment, plant and machinery	1,400,949	
Others	6,557	1,407,506
Total		<u>1,929,726</u>

NOTE 11 - Significant Related Party Transactions

No.	UMW-OG & Its Subsidiaries	Transacting Parties	Relationship	Nature of Transaction	RM'000
1.	UMW Standard Drilling Sdn Bhd	UMW Pennzoil Distributors Sdn Bhd	Subsidiary of holding company	Purchase of Goods	457
2.	UMW Petrodril (Malaysia) Sdn Bhd	U-Travelwide Sdn Bhd	Subsidiary of holding company	Purchase of Services	909
3.	UMW Oil & Gas Corporation Berhad	U-Travelwide Sdn Bhd	Subsidiary of holding company	Purchase of Services	508
4.	UMW JDC Drilling Sdn Bhd	Japan Drilling Co Ltd and its subsidiaries	Corporate Shareholder of UMW JDC Drilling Sdn Bhd	Purchase of Goods and Services	14,705
				Bareboat Charter	39,923
5.	UMW Malaysian Ventures Sdn Bhd	UMW Corporation Sdn Bhd	Subsidiary of holding company	Interest expense	455
6.	UMW Drilling 4 (L) Ltd	UMW Holdings Berhad	Holding company	Interest expense	5,198
7.	UMW Oil & Gas Corporation Berhad	UMW Holdings Berhad	Holding company	Interest expense	804

8.	UMW Naga Two (L) Ltd	UMW Petropipe (L) Ltd	Subsidiary of holding company	Interest expense	2,243
9.	UMW Naga Three (L) Ltd	UMW Petropipe (L) Ltd	Subsidiary of holding company	Interest expense	624
10.	UMW Oil & Gas Corporation Berhad	UMW Corporation Sdn Bhd	Subsidiary of holding company	Rental & Other expenses	1,471
				Management fee	1,050

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

The total contingent liabilities of the Group as at 30th September 2013 were RM175.9 million.

NOTE 14 – Review of Performance

	Revenue		Profit Before Taxation	
	Quarter ended 30/09/2013 RM'000	Nine Months ended 30/09/2013 RM'000	Quarter ended 30/09/2013 RM'000	Nine Months ended 30/09/2013 RM'000
Business Segment :				
Drilling Services	193,775	496,794	58,089	127,465
Oilfield Services	11,526	33,286	2,049	7,109
Others	41	542	(5,686)	16,281
Total	205,342	530,622	54,452	150,855

Group

Continuing Operations

The Group recorded total revenue of RM205.3 million and RM530.6 million for the third quarter and nine-month period ended 30th September 2013, respectively. Group revenue of RM205.3 million for the third quarter of 2013 exceeded the quarterly average of RM176.8 million by RM28.5 million or 16.1%. Improved revenue from the Drilling Services segment mainly contributed to the higher revenue for third quarter of 2013.

For the third quarter and nine-month period ended 30th September 2013, the Group achieved profit before taxation of RM54.5 million and RM150.9 million, respectively. Similarly, Group profit before taxation for the third quarter of RM54.5 million outperformed the quarterly average of RM50.3 million by RM4.2 million or 8.3%, as a result of higher profit contributions from the Drilling Services segment.

Discontinued Operation

The Group made a net gain of RM5.8 million for the third quarter of 2013 but incurred a net loss of RM1.4 million for the nine months ended 30th September 2013 from the discontinued operation as detailed in Note 9 above.

Consequently, the Group registered net profit attributable to equity holders of the Company of RM57.0 million and RM137.7 million for the third quarter and nine-month period ended 30th September 2013, respectively.

Drilling Services Segment

The Drilling Services segment contributed revenue of RM193.8 million and RM496.8 million in the third quarter and nine months ended 30th September 2013, respectively. Revenue for the third quarter of 2013 surpassed the quarterly average of RM165.6 million by RM28.2 million or 17.0%. The revenue improvement was mainly attributable to the following:

- a) full quarter revenue contributions from NAGA 4, our new premium Jack-up drilling rig which commenced a three-year contract with PETRONAS Carigali in April 2013;
- b) higher time charter rate for NAGA 2, also a premium Jack-up drilling rig operating in Vietnam since June 2013 after completion of its drilling services contract in Indonesia; and
- c) higher utilisation rates for our Hydraulic Workover Units ("HWU"), GAIT III and GAIT V which commenced operation in Vietnam and Thailand, respectively in July 2013.

However, the revenue increase was partly offset by the lower utilisation rate of NAGA 3 in September 2013 when it underwent a scheduled underwater inspection in lieu of dry-docking as well as downtime caused by damage to a few of its many ballast tanks while preparing for an in-field move. NAGA 3 has been scheduled to undergo permanent repair work to its damaged ballast tanks in the first quarter of 2014.

For the third quarter and nine months ended 30th September 2013, the Drilling Services segment contributed profit before taxation of RM58.1 million and RM127.5 million, respectively. The third quarter of 2013 saw its profit before taxation improved over the quarterly average of RM42.5 million by RM15.6 million or 36.7% despite NAGA 3's low utilisation rate in September 2013. Additional profit contributions from NAGA 4, GAIT III and GAIT V as well as favourable United States Dollar translation rate resulted in the higher profit for the third quarter of 2013.

Oilfield Services Segment

The Oilfield Services segment contributed revenue of RM11.5 million and RM33.3 million in the third quarter and nine months ended 30th September 2013, respectively. Revenue for the third quarter of 2013 exceeded the quarterly average of RM11.1 million marginally by RM0.4 million or 3.6%. Higher revenue from inspection and repair services from our operation in Turkmenistan and threading of premium connections from our operation in China, offset in part by the lower revenue caused by machine downtime in our Labuan operation, mainly accounted for the slight revenue improvement.

This segment contributed profit before taxation of RM2.0 million and RM7.1 million for the third quarter and nine months ended 30th September 2013, respectively. Higher operating expenses coupled with lower productivity from some ageing machines, resulted in the lower profit before taxation of RM2.0m for the third quarter of 2013 compared to the quarterly average of RM2.4 million.

Others Segment

This segment is involved in investment holding, provision of management, corporate and financial support services. Revenue for this segment consists mainly of rental income from the letting of a property in Singapore which disposal was completed in the second quarter of 2013. This segment incurred a net operating expense of RM5.7 million for the third quarter of 2013. Gain of RM30.4 million from the sale of a parcel of real property in Singapore more than offset the total net operating expense for the nine months ended 30th September 2013, resulting in a profit before taxation of RM16.3 million.

NOTE 15 – Comparison with Preceding Quarter's Results

This is not applicable to the Group in view that this announcement is the Group's first quarterly announcement following its listing on 1st November 2013 on the Main Market of Bursa Securities.

NOTE 16 – Current Prospect

Drilling Services Segment

Revenue contributions from our offshore drilling rigs are expected to improve further in the fourth quarter of 2013 as all four rigs comprising NAGA 1, a semi-submersible rig, NAGA 2, NAGA 3 and NAGA 4, all premium jack-up rigs, are expected to be operating almost full quarter in the fourth quarter of 2013.

However, for the final quarter of 2013, revenue contribution from our HWU is anticipated to fall as utilisation rates of GAIT I, GAIT II and GAIT III are expected to be low while waiting for contracts to be awarded.

On the whole, this segment is expected to deliver another quarter of satisfactory result.

Oilfield Services Segment

Financial performance of the Oilfield Services segment is expected to be sustainable for the remaining quarter of 2013.

Group

Barring unforeseen circumstances, the Board is of the view that the 2013 financial result will continue to be profitable.

NOTE 17 – Statement on Headline Key Performance Indicators

Not applicable in view that the Company has not previously announced or disclosed any statement on headline key performance indicators.

NOTE 18 – Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

NOTE 19 – Taxation

	Quarter Ended 30/09/2013 RM'000	Nine Months Ended 30/09/2013 RM'000
Current period's provision	3,027	10,334
Under/(Over) provision in prior periods	-	(284)
	3,027	10,050
Deferred taxation	(57)	471
Total	2,970	10,521

The effective tax rates for the current quarter and period ended 30th September 2013 of 5.5% and 7.2%, respectively, were lower than the statutory tax rate of 25% primarily due to:

- (a) lower effective tax rates applicable to income from our operations in Labuan and overseas countries; and
- (b) gain on disposal of a real property which was not taxable.

NOTE 20 – Corporate Proposals

(a) Corporate Proposal

On 16th May 2013, an announcement was made by the Company's holding company, UMWH, in relation to its proposal to list the Company on the Main Market of Bursa Securities. The Company had, on 20th May 2013, submitted an application in relation to the Proposed Listing to the Securities Commission Malaysia and other relevant authorities.

On 29th July 2013, Bursa Securities had vide its letter, approved the admission to the Official List and the listing of and quotation for the entire issued and paid-up share capital of the Company of 2,162,000,000 ordinary shares of RM0.50 each on the "Trading/Services" sector of the Main Market of Bursa Securities.

The IPO and the Listing was completed on 1st November 2013 following the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Market of Bursa Securities.

Other than the above, there were no corporate proposals announced but not completed at the date of this announcement.

(b) Status of utilisation of IPO proceeds as at 13th November 2013

Purpose	Proposed utilisation	Actual utilisation to date	Intended timeframe for utilisation	Deviation in amount & %	Explanation
	RM'mil	RM'mil	Month		
Acquisition of rigs & HWU	986.6	nil	18	n/a	n/a
Upgrading of rigs & HWU	20.1	nil	18	n/a	n/a
Acquisition / upgrading of machineries for oilfield services	10.4	nil	18	n/a	n/a
Mobilisation and demobilisation costs for drilling rigs	50.0	nil	18	n/a	n/a
Repayment to UMWH	597.4	597.4	6	nil	n/a
IPO / Listing expenses	48.5	33.4	6	n/a	n/a
Total	1,713.0	630.8			

NOTE 21 – Group Borrowings and Debt Securities

	RM'000	RM'000	'000
(a) Short term borrowings			
- Unsecured			
Short term loans and revolving credits	247,789		USD75,025
Portion of long term loans payable within 12 months	167,554		USD51,389
		415,343	
- Secured			
Finance lease payable		74	
		415,417	USD126,414
b) Long term borrowings			
- Unsecured			
Long term loans	708,059		USD217,163
Portion of long term loans payable within 12 months	(167,554)		(USD51,389)
		540,505	
- Secured			
Finance lease payable		72	
		540,577	USD165,744

NOTE 22 – Material Litigation

There was no material litigation pending on the date of this announcement.

NOTE 23 – Dividend

No dividend has been declared for the period ended 30th September 2013.

NOTE 24 – Earnings Per Share

Under the pooling of interest method of accounting for common control business combination, the consolidated financial statements are prepared as if the combined entity had always existed. As such, the number of ordinary shares used for the calculation of basic earnings per share for all periods presented is 1,550,200,000 shares of RM0.50 each, being the aggregate of the weighted average number of ordinary shares outstanding as at 30th August 2013 after the combination.

Accordingly, basic earnings per share for the quarter and financial period ended 30th September 2013 are calculated by dividing the net profit attributable to equity holders of the Company of RM57.0 million and RM137.7 million, respectively, by the number of ordinary shares in issue as at 30th September 2013 of 1,550,200,000 shares of RM0.50 each.

Continuing operations

Basic earnings per share from continuing operations for the quarter and financial period ended 30th September 2013 are calculated by dividing net profit attributable to equity holders of the Company of RM51.1 million and RM139.1 million, respectively, by the number of ordinary shares in issue of 1,550,200,000 shares of RM0.50 each.

Discontinued operation

Basic earnings per share for the current quarter and basic loss per share for the nine-month period ended 30th September 2013 from discontinued operation, are calculated by dividing the net profit of RM5.8 million and net loss of RM1.4 million attributable to equity holders of the Company, respectively, by the number of ordinary shares in issue of 1,550,200,000 shares of RM0.50 each.

NOTE 25 – Realised and Unrealised Profits/(Losses)

The breakdown of retained profits of the Group as at 30th September 2013, pursuant to the format prescribed by Bursa Securities, is as follows:

	As at 30/09/2013 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:	
-Realised	278,234
-Unrealised	(10,314)
	267,920
Total share of retained profits from associated company:	
-Realised	2,273
-Unrealised	-
	270,193
Less: Consolidation adjustments	(38,503)
Total Group retained profits as per consolidated accounts	231,690

NOTE 26 – Audit Qualification

Company

The audit report in respect of the annual financial statements of the Company for the financial year ended 31st December 2012 was not qualified.

Group

The unaudited condensed consolidated interim financial statements for the period ended 30th September 2013 are the Group's first set of consolidated financial statements prepared since its formation on 30th August 2013. As such, this note is not applicable to the Group.

NOTE 27 – Items to Disclose in the Statement of Comprehensive Income

	Quarter Ended 30/09/2013 RM'000	Nine Months Ended 30/09/2013 RM'000
a) Interest income	313	804
b) Other investment income	-	-
c) Depreciation and amortisation	(25,781)	(63,705)
d) Reversal of impairment/(impairment) losses of receivables	282	(741)
e) (Provision for)/write back of inventories	-	-
f) (Loss)/gain on disposal of quoted or unquoted investment	-	-
g) (Loss)/gain on disposal of properties	-	30,411
h) Reversal/(Impairment) of assets/investments (net)	-	-
i) Net foreign exchange gain/(loss)	(1,587)	(4,141)
j) (Loss)/gain on derivatives (net)	103	262
k) Property, plant and equipment written off	(7,680)	(7,680)

By Order Of The Board

MOHD NIZAMUDDIN BIN MOKHTAR
Secretary
(LS006128)

Shah Alam
18th November 2013