

VELESTO ENERGY BERHAD

COMPANY NO : 200901035667 (878786-H)
(INCORPORATED IN MALAYSIA)



Unaudited Condensed Consolidated Statement Of Comprehensive Income For The Third Quarter Ended 30 September 2023

	Quarter Ended 30/09/2023 RM'000	Quarter Ended 30/09/2022 RM'000	Period Ended 30/09/2023 RM'000	Period Ended 30/09/2022 RM'000
Revenue	289,236	173,778	855,803	337,782
Operating Expenses	(276,295)	(150,581)	(783,616)	(392,468)
Other Operating Income	117	280	687	1,042
Profit / (Loss) From Operations	13,058	23,477	72,874	(53,644)
Finance Costs	(10,793)	(7,959)	(34,393)	(20,224)
Share of Results of Associate	(23)	21	44	113
Investment Income	903	1,050	2,838	2,772
Profit / (Loss) Before Tax	3,145	16,589	41,363	(70,983)
Taxation	(1,930)	(1,624)	(8,522)	(3,418)
Profit / (Loss), Net of Tax	1,215	14,965	32,841	(74,401)
Other Comprehensive Income:				
Foreign Currency Translation	(10,195)	148,853	65,236	266,285
Other Comprehensive (Loss) / Income , Net of Tax	(10,195)	148,853	65,236	266,285
Total Comprehensive (Loss) / Income For The Period	(8,980)	163,818	98,077	191,884
Profit / (Loss) For The Period Attributable To:				
Equity Holders of the Company	1,215	14,965	32,841	(74,401)
Total Comprehensive (Loss) / Income Attributable To:				
Equity Holders of the Company	(8,980)	163,818	98,077	191,884
Earnings / (Loss) Per Share Attributable To Equity Holders of the Company:				
Basic / Diluted (Sen)	0.01	0.18	0.40	(0.91)

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 31 December 2022)

VELESTO ENERGY BERHAD

COMPANY NO : 200901035667 (878786-H)
(INCORPORATED IN MALAYSIA)



Unaudited Condensed Consolidated Statement Of Financial Position As At 30 September 2023

	Unaudited As At 30/09/2023 RM'000	Audited As At 31/12/2022 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	2,491,650	2,408,145
Right-of-use Assets	8,764	7,950
Investment In Associate	1,280	1,236
	<u>2,501,694</u>	<u>2,417,331</u>
Current Assets		
Inventories	203,265	185,196
Other Investment	6,548	-
Trade and Other Receivables	357,826	359,148
Tax Recoverable	1,988	7,659
Deposits, Cash & Bank Balances	126,291	120,028
	<u>695,918</u>	<u>672,031</u>
TOTAL ASSETS	<u>3,197,612</u>	<u>3,089,362</u>
EQUITY AND LIABILITIES		
Equity Attributable To The Equity Holders Of The Company		
Share Capital	1,844,817	1,844,817
Share Options Reserve	9,211	9,961
Warrant Reserve	211,876	211,876
Other Reserves	899,643	834,407
Accumulated Losses	(585,805)	(619,396)
TOTAL EQUITY	<u>2,379,742</u>	<u>2,281,665</u>
Non-Current Liabilities		
Long Term Borrowings	291,273	306,277
Lease Liabilities	4,304	4,067
	<u>295,577</u>	<u>310,344</u>
Current Liabilities		
Taxation	1,690	2,076
Short Term Borrowings	149,195	254,950
Lease Liabilities	3,567	2,915
Trade and Other Payables	367,841	237,412
	<u>522,293</u>	<u>497,353</u>
TOTAL LIABILITIES	<u>817,870</u>	<u>807,697</u>
TOTAL EQUITY AND LIABILITIES	<u>3,197,612</u>	<u>3,089,362</u>
Net Assets Per Share (RM)	0.29	0.28

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 31 December 2022)

VELESTO ENERGY BERHAD

COMPANY NO : 200901035667 (878786-H)
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Unaudited Condensed Consolidated Statement Of Changes In Equity

	← Non - Distributable →					Distributable		
	Share Capital RM'000	Share Options Reserve RM'000	Warrant Reserve RM'000	Capital Reserve RM'000	Foreign Currency Translation Reserve RM'000	Gain On Derecognition of Financial Liabilities RM'000	Accumulated Losses RM'000	Total Equity RM'000
For The Period Ended 30 September 2023								
At 1 January 2023	1,844,817	9,961	211,876	698	755,564	78,145	(619,396)	2,281,665
Transactions With Owners:								
Share Options Adjustment	-	(750)	-	-	-	-	750	-
Total Comprehensive Income	-	-	-	-	65,236	-	32,841	98,077
At 30 September 2023	<u>1,844,817</u>	<u>9,211</u>	<u>211,876</u>	<u>698</u>	<u>820,800</u>	<u>78,145</u>	<u>(585,805)</u>	<u>2,379,742</u>
For The Period Ended 30 September 2022								
At 1 January 2022	1,844,817	10,842	211,876	698	630,718	78,145	(518,994)	2,258,102
Transactions With Owners:								
Share Options Adjustment	-	(122)	-	-	-	-	-	(122)
Total Comprehensive Income / (Loss)	-	-	-	-	266,285	-	(74,401)	191,884
At 30 September 2022	<u>1,844,817</u>	<u>10,720</u>	<u>211,876</u>	<u>698</u>	<u>897,003</u>	<u>78,145</u>	<u>(593,395)</u>	<u>2,449,864</u>

(The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 31 December 2022)

VELESTO ENERGY BERHAD

COMPANY NO : 200901035667 (878786-H)
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Unaudited Condensed Consolidated Statement Of Cash Flows For The Period Ended 30 September 2023

	9 Months Ended 30/09/2023 RM'000	9 Months Ended 30/09/2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Tax	41,363	(70,983)
Adjustments		
Depreciation & Amortisation	147,672	114,668
Interest Expense	34,393	20,224
Net Unrealised Foreign Exchange Loss / (Gain)	1,587	(1,444)
Asset Written Off / (Write Back)	924	(52)
Share of Results of Associate	(44)	(113)
Investment Income	(2,838)	(2,772)
Provision for Unutilised Leave	34	18
Loss / (Gain) on Disposal of Property, Plant and Equipment	24	(495)
Share Options Granted Under ESOS	-	(122)
Dividend Income From Money Market Fund	-	(9)
Reversal of Impairment	-	306
Net Fair Value Loss on Money Market Fund	-	1
Operating Profit Before Working Capital Changes	<u>223,115</u>	<u>59,227</u>
Decrease / (Increase) in Receivables	1,747	(72,655)
Increase in Inventories	(7,344)	(14,601)
Increase in Payables	66,064	34,208
Cash Generated From Operating Activities	<u>283,582</u>	<u>6,179</u>
Net Taxes Paid	<u>(3,238)</u>	<u>(4,423)</u>
Net Cash Generated From Operating Activities	<u>280,344</u>	<u>1,756</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant & Equipment	(88,469)	(112,177)
Interest Received	2,596	2,772
Movement of Investments in Money Market Fund	(6,548)	22,539
Movement in Deposits Placement With Maturity of More Than 3 months	(14,852)	46,076
Dividend Income From Money Market Fund	-	9
Proceeds From Disposal of Property, Plant & Equipment	-	1,791
Net Cash Used In Investing Activities	<u>(107,273)</u>	<u>(38,990)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Repayment of Borrowings	(151,372)	(41,971)
Interest Paid	(31,910)	(17,579)
Payment of Lease Liabilities	(1,758)	(262)
Net Movement In Restricted Cash Deposits in Licensed Bank	(410)	(2,393)
Net Cash Used In Financing Activities	<u>(185,450)</u>	<u>(62,205)</u>
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(12,379)	(99,439)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	113,323	244,500
EFFECTS OF EXCHANGE RATE CHANGES	3,379	24,555
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER	<u>104,323</u>	<u>169,616</u>
Cash and Cash Equivalents comprise:		
Deposits, Cash & Bank Balances	126,291	174,945
Less: Restricted Cash	(7,116)	(5,329)
Less: Deposits With Maturity of More Than 3 months	(14,852)	-
	<u>104,323</u>	<u>169,616</u>

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the financial year ended 31 December 2022)

Explanatory Notes

NOTE 1 – Significant accounting policies

Basis of preparation

The interim financial statements have been prepared in accordance with the requirements of International Accounting Standards (“IAS”) 34, Interim Financial Reporting and Malaysian Financial Reporting Standards (“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 31 December 2022 except for the adoption of the following MFRS/Amendments/Interpretations effective on or after 1 January 2023:

- Amendments to MFRS 101: Presentation of Financial Statements
 - Disclosure of Accounting Policies
- Amendments to MFRS 101: Presentation of Financial Statements
 - Classification of Liabilities as Current or Non-current
- Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors
 - Definition of Accounting Estimates
- Amendments to MFRS 112: Income Taxes
 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of these pronouncements did not have a significant impact to the financial statements of the Group and the Company.

Standards issued but not yet effective:

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but not yet effective and have not been applied by the Group:

- Amendment to MFRS 16: Leases - Lease Liability in a Sale and Leaseback (effective 1 January 2024)
- Amendments to MFRS 101: Non-current Liabilities with Covenants (effective 1 January 2024)
- Amendments to MFRS 10: Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Deferred)
- Amendments to MFRS 128: Investments in Associates and Joint Ventures
 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Deferred)

NOTE 2 – Seasonal or Cyclical Factors

The Group is principally engaged in:

- (a) the provision of drilling services for exploration, development and production wells to the upstream sector of the oil and gas industry; and
- (b) the provision of integrated services includes workover operations for the oil and gas industry; and
- (c) threading, inspection and repair services for Oil Country Tubular Goods, 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, and the corresponding capital spending by oil and gas companies. These oil and gas companies 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 the Group’s assets, liabilities, equity, net income or cash flows during the financial period ended 30 September 2023.

NOTE 4 – Accounting Estimates

There were no changes in estimates that have a material effect in the current financial period, other than as disclosed in these interim financial statements.

NOTE 5 – Issuance or Repayment of Debt and Equity Securities

There were no issuances, repurchases or repayments of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period under review.

NOTE 6 – Dividend

No dividend has been recommended and paid during the financial period ended 30 September 2023.

NOTE 7 – Segmental Reporting

Quarter Ended 30 September 2023

Business Segment	Revenue	Profit / (Loss)	Profit / (Loss)
	RM'000	Before Tax	Attributable to Owners of the Company
	RM'000	RM'000	RM'000
Drilling Services	167,284	6,161	4,606
<i>Drilling</i>	132,142	(8,480)	(10,035)
<i>Drilling (i-RDC)</i>	35,142	14,641	14,641
Integrated Project Management	118,598	9,000	8,884
<i>Workover Services</i>	37,942	2,006	1,890
<i>i-RDC</i>	115,798	21,635	21,635
<i>Drilling (i-RDC)</i>	(35,142)	(14,641)	(14,641)
Oilfield Services	2,962	839	632
Others (include corporate expenses)	392	(12,855)	(12,907)
Consolidated Total	289,236	3,145	1,215

Period Ended 30 September 2023

Business Segment	Revenue	Profit / (Loss)	Profit / (Loss)
	RM'000	Before Tax	Attributable to Owners of the Company
	RM'000	RM'000	RM'000
Drilling Services	565,087	74,764	68,298
<i>Drilling</i>	463,357	39,998	33,532
<i>Drilling (i-RDC)</i>	101,730	34,766	34,766
Integrated Project Management	280,207	10,184	9,514
<i>Workover Services</i>	99,241	9,972	9,302
<i>i-RDC</i>	282,696	34,978	34,978
<i>Drilling (i-RDC)</i>	(101,730)	(34,766)	(34,766)
Oilfield Services	9,254	2,220	1,560
Others (include corporate expenses)	1,255	(45,805)	(46,531)
Consolidated Total	855,803	41,363	32,841

With effect from 1st October 2022, the Group has introduced Integrated Services (now referred to as Integrated Project Management) segment which comprises Workover Services and Integrated Rig Drilling Completion ("i-RDC") Services.

Other than the above, there has been no material change in total assets and no differences in the basis of segmentation or basis of measurement of segment profit or loss as compared to the previous interim financial statements.

NOTE 8 – Subsequent Material Events

There has been no material event or transaction during the period from 30 September 2023 to the date of this announcement, which substantially affects the results of the Group for the financial period ended 30 September 2023.

NOTE 9 – Changes in the Group Composition

There were no changes in the composition of the Group during the financial period ended 30 September 2023.

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

The capital commitments are in respect of the following:

	30/09/2023
	RM'000
Approved and contracted for:	
Equipment, plant and machinery	7,789
Others	4,957
	<u>12,746</u>
Approved but not contracted for:	
Equipment, plant and machinery	75,428
Others	40,114
	<u>115,542</u>
Total	<u><u>128,288</u></u>

NOTE 11 - Significant Related Party Transactions

There were no significant related party transactions for the financial period ended 30 September 2023.

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 – Contingent Liabilities and Contingent Assets

There were no material contingent liabilities and contingent assets as at 30 September 2023.

NOTE 14 – Review of Performance

Performance of Current Quarter Against the Quarter Ended 30 September 2022 (“corresponding quarter”)

Business Segment	Revenue		Profit / (Loss) Before Tax	
	Quarter ended 30/09/2023 RM'000	Quarter ended 30/09/2022 RM'000	Quarter ended 30/09/2023 RM'000	Quarter ended 30/09/2022 RM'000
Drilling Services	167,284	153,197	6,161	33,015
<i>Drilling</i>	132,142	153,197	(8,480)	33,015
<i>Drilling (i-RDC)</i>	35,142	-	14,641	-
Integrated Project Management	118,598	18,047	9,000	(1,991)
<i>Workover Services</i>	37,942	18,047	2,006	(1,991)
<i>i-RDC</i>	115,798	-	21,635	-
<i>Drilling (i-RDC)</i>	(35,142)	-	(14,641)	-
Oilfield Services	2,962	2,515	839	529
Others (include corporate expenses)	392	19	(12,855)	(14,964)
Total	289,236	173,778	3,145	16,589

Group

Group revenue of RM289.2 million was RM115.4 million higher than the corresponding quarter's revenue of RM173.8 million, mainly due to higher average daily charter rates for jack-up rigs under Drilling Services, higher utilisation for hydraulic workover units and progress for i-RDC project under Integrated Project Management segments during the current quarter.

The Group reported profit before tax of RM3.1 million in the current quarter, lower by RM13.5 million against profit before tax of RM16.6 million in the corresponding quarter, mainly due to higher operating costs and finance costs incurred during the current quarter.

Analysis of segmental performance against the corresponding quarter are as follows:

Drilling Services Segment

Drilling Services segment revenue of RM167.3 million was RM14.1 million higher than the corresponding quarter's revenue of RM153.2 million, mainly due to higher average daily charter rates in the current quarter of USD97k/day (corresponding quarter: USD74k/day).

The segment registered a profit before tax of RM6.2 million, lower by RM26.8 million as compared to a profit before tax of RM33.0 million in the corresponding quarter, mainly due to higher operating costs incurred during the current quarter.

Integrated Project Management

The Integrated Project Management segment revenue of RM118.6 million was RM100.6 million higher than the corresponding quarter's revenue of RM18.0 million, due to higher utilisation of hydraulic workover units and progress of i-RDC project.

The segment recorded a profit before tax of RM9.0 million compared to a loss before tax of RM2.0 million in the corresponding quarter, in line with higher revenue.

NOTE 14 – Review of Performance (cont'd.)

Performance of Current Quarter Against the Quarter Ended 30 September 2022 (“corresponding quarter”)

Analysis of segmental performance against the corresponding quarter are as follows (cont'd.):

Oilfield Services Segment

The Oilfield Services segment which is mainly from operation in Tianjin, recorded a revenue of RM3.0 million in the current quarter compared to RM2.5 million in the corresponding quarter.

The segment recorded higher profit before tax by RM0.3 million, in line with higher revenue.

Others Segment (include corporate expenses)

Others segment which include corporate expenses recorded lower loss before tax of RM12.9 million in the current quarter compared to RM15.0 million loss in the corresponding quarter, mainly due to lower net foreign exchange loss recognised in the current quarter.

Performance of Current Period Against the Financial Period Ended 30 September 2022 (“corresponding period”)

Business Segment	Revenue		Profit / (Loss) Before Tax	
	Period ended	Period ended	Period ended	Period ended
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
Drilling Services	565,087	306,631	74,764	(36,382)
<i>Drilling</i>	463,357	306,631	39,998	(36,382)
<i>Drilling (i-RDC)</i>	101,730	-	34,766	-
Integrated Project Management	280,207	23,200	10,184	(2,091)
<i>Workover Services</i>	99,241	23,200	9,972	(2,091)
<i>i-RDC</i>	282,696	-	34,978	-
<i>Drilling (i-RDC)</i>	(101,730)	-	(34,766)	-
Oilfield Services	9,254	7,141	2,220	2,161
Others (include corporate expenses)	1,255	810	(45,805)	(34,671)
Total	855,803	337,782	41,363	(70,983)

Group

Group revenue of RM855.8 million was RM518.0 million higher than the corresponding period's revenue of RM337.8 million, mainly due to higher utilisation and average daily charter rates for jack-up rigs under Drilling Services, higher utilisation for hydraulic workover units and progress for i-RDC project under Integrated Project Management segments during the current period.

The Group reported profit before tax of RM41.4 million in the current period higher by RM112.4 million against loss before tax of RM71.0 million in the corresponding period, in line with higher revenue.

NOTE 14 – Review of Performance (cont'd.)

Performance of Current Period Against the Financial Period Ended 30 September 2022 (“corresponding period”) (cont'd.)

Analysis of segmental performance against the corresponding period are as follows:

Drilling Services Segment

Drilling Services segment recorded RM258.5 million increase in revenue to RM565.1 million in the current period, mainly due to higher rig utilisation of 80% (corresponding period: 53%) and higher average daily charter rates of USD92k/day (corresponding period: USD75k/day).

The segment registered a profit before tax of RM74.8 million compared to a loss before tax of RM36.4 million in the corresponding period, in line with higher revenue.

Integrated Project Management

The Integrated Project Management segment recorded higher revenue of RM280.2 million in the current period as compared to RM23.2 million in the corresponding period, mainly due to higher utilisation of hydraulic workover units and progress of i-RDC project.

The segment recorded a profit before tax of RM10.2 million compared to a loss before tax of RM2.1 million in the corresponding period, in line with higher revenue.

Oilfield Services Segment

The Oilfield Services segment recorded higher revenue of RM9.3 million in the current period as compared to RM7.1 million in the corresponding period, mainly due to higher activities from operation in Tianjin.

The segment recorded profit before tax of RM2.2 million in the current period with marginal increase against corresponding period.

Others Segment (include corporate expenses)

Others segment which include corporate expenses recorded higher loss before tax of RM45.8 million in the current period against RM34.7 million loss in the corresponding period mainly due to higher IT related expenses, depreciation charge, finance costs and other corporate costs.

NOTE 15 – Comparison with Immediate Preceding Quarter's Results

Business Segment	Revenue		Profit / (Loss) Before Tax	
	Quarter ended	Quarter ended	Quarter ended	Quarter ended
	30/09/2023	30/06/2023	30/09/2023	30/06/2023
	RM'000	RM'000	RM'000	RM'000
Drilling Services	167,284	213,406	6,161	43,286
<i>Drilling</i>	132,142	179,429	(8,480)	29,946
<i>Drilling (i-RDC)</i>	35,142	33,977	14,641	13,340
Integrated Project Management	118,598	61,951	9,000	(3,590)
<i>Workover Services</i>	37,942	31,805	2,006	3,528
<i>i-RDC</i>	115,798	64,123	21,635	6,222
<i>Drilling (i-RDC)</i>	(35,142)	(33,977)	(14,641)	(13,340)
Oilfield Services	2,962	3,221	839	496
Others (include corporate expenses)	392	738	(12,855)	(17,465)
Total	289,236	279,316	3,145	22,727

The Group's revenue of RM289.2 million was RM9.9 million higher than the immediate preceding quarter's revenue of RM279.3 million. This was mainly due to higher utilisation for hydraulic workover units and progress for i-RDC project under Integrated Project Management in the current quarter.

The Group recorded a profit before tax of RM3.1 million, lower by RM19.6 million against a profit before tax of RM22.7 million in the immediate preceding quarter, mainly due to higher operating costs incurred in the current quarter.

NOTE 16 – Review of Consolidated Statement of Financial Position

	Unaudited As at 30/09/2023 RM'000	Audited As at 31/12/2022 RM'000
Total assets	3,197,612	3,089,362
Total equity	2,379,742	2,281,665
Total liabilities	817,870	807,697
Total equity and liabilities	3,197,612	3,089,362

The Group's total assets increased by RM108.3 million mainly due to the increased in property, plant and equipment and inventories.

Total equity increased by RM98.1 million mainly due to movement in foreign currency translation reserve and profit net of tax for the current period.

Total liabilities increased by RM10.2 million mainly due to higher trade and other payables offset with lower borrowing balances following net repayment of borrowings during the current period.

Other than the above, there is no other material movement in total assets and total liabilities as compared to the audited annual financial statements for the financial year ended 31 December 2022.

NOTE 17 – Current Prospect

The oil and gas outlook fundamentals remain strong. The benchmark Brent oil price has remained above USD80 per barrel in recent months due to both production cuts as well as geopolitical tensions.

The International Monetary Fund ("IMF") is projecting global Gross Domestic Product ("GDP") growth rate for 2024 of 2.9%. U.S. Energy Information Administration ("EIA") is forecasting for global oil demand to increase by 1.3 million barrels per day to 102 million barrels per day in 2024. On the supply side, OPEC+ and Saudi Arabia have maintained their production cuts. However, supply from non-OPEC countries are slowly increasing. As such, inventory changes and oil markets are expected to remain balanced.

The latest escalation in geopolitical risk in the Middle East can result in uncertainty to oil supply and markets, as well as global macroeconomic outlook going into 2024.

Nevertheless, global and regional upstream oil and gas activities including in Southeast Asia continue its upward trend, with more exploration and development projects being evaluated and sanctioned. Major oil producers continue to increase their CAPEX in response to prolonged lack of investment in the past. In Malaysia, a number of new contracts have been awarded with more being tendered out.

Drilling Services Segment

Global competition for assets such as jack-up rigs remain heightened. Jack-up marketed utilisation in Southeast Asia and Malaysia remained at 100% and charter rates for the latest fixtures continues to be on an uptrend. The group continues to negotiate for contract renewals and bid for new contracts.

Currently, all six of the Group's available jack-up drilling rigs are utilised. NAGA 4 recently completed its 5-year Special Periodical Survey ("SPS"). Both NAGA 4 and NAGA 3 has commenced work for PETRONAS Carigali Sdn Bhd ("PCSB") in September and October respectively. The Group is actively bidding for new tenders for local and international contracts scheduled to be performed in 2024 and beyond.

Integrated Project Management Segment

The results for Integrated Project Management segment are good. i-RDC is progressing well. GAIT 5 has completed its Tembungo IWS contract for PCSB in October safely and ahead of schedule. GAIT 6 has started working in Exxonmobil for at least a 1 year contract. The Group is participating in tendering activities for Hydraulic Workover Unit ("HWU") in 2024 and 2025.

Oilfield Services Segment

The improved industry outlook is expected to support stable performance of the oilfield services operation in China.

Group

The positive outlook in the global oil and gas industry augurs well for the Group's financial performance. The Group is optimistic that the financial performance for the financial year 2023 to be better than 2022.

NOTE 18 – Statement on Revenue and Profit Forecast

This is not applicable to the Group.

NOTE 19 – Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

NOTE 20 – Taxation

	Quarter ended 30/09/2023 RM'000	Period ended 30/09/2023 RM'000
Taxation		
Malaysian taxation	1,333	2,165
Foreign taxation	597	6,357
Total	1,930	8,522

NOTE 21 – Corporate Proposals

There was no corporate proposal announced but not completed on the date of this announcement.

NOTE 22 – Group Borrowings and Debt Securities

As at 30 September 2023

	USD'000 borrowings	RM'000 borrowings	RM'000 equivalent
Short term borrowings			
- Secured			
USD revolving credit	27,500	-	129,195
RM revolving credit	-	20,000	20,000
	<u>27,500</u>	<u>20,000</u>	<u>149,195</u>
Long term borrowings			
- Secured			
Long term loan	63,000	-	295,974
Less: Transaction cost	-	-	(4,701)
	<u>63,000</u>	<u>-</u>	<u>291,273</u>
Total	90,500	20,000	440,468

	Revolving Credit RM '000	Long Term Borrowings RM '000	Total RM '000
Movements of Borrowings			
At 1 January 2023	254,950	306,277	561,227
Unamortised transaction costs	-	5,333	5,333
Gross Borrowings at 1 January 2023	<u>254,950</u>	<u>311,610</u>	<u>566,560</u>
Effect of changes in foreign exchange rate	11,516	18,465	29,981
Drawdown	120,381	-	120,381
Repayment	(237,652)	(34,101)	(271,753)
	<u>149,195</u>	<u>295,974</u>	<u>445,169</u>
Unamortised transaction costs	-	(4,701)	(4,701)
At 30 September 2023	<u>149,195</u>	<u>291,273</u>	<u>440,468</u>

NOTE 23 – Material Litigation

Reference is made to the previous announcements made by the Company on enforcement proceeding against Frontier Oil Corporation (“FOC”) by Velesto Drilling Sdn Bhd (“VED”), a wholly owned subsidiary of the Company, at the Regional Trial Court, in Makati City, Philippines (“Makati Court”).

On 28 June 2021, the Makati Court has decided the arbitral award dated 12 July 2018 issued by Singapore International Arbitration Centre in favour of VED be recognised and enforced. With the ongoing execution to enforce the award in the Philippines, the Sheriff appointed by the Court has reported to the Court that personal service of the Notice To Comply and Demand to Pay dated 14 December 2022 at FOC’s address on 23 December 2022 was unserved as the building was out of business for past two years and on the same date sent via courier and mailing.

On 25 September 2023, the Sheriff appointed by the Makati Court has filed a Sheriff’s Service Report at Makati Court that FOC does not have a deposit, share of stock or property against all the major banks in the Philippines except for nominal amount.

The Company on 29 November 2023 announced on VED’s cessation of the enforcement proceeding against FOC.

NOTE 24 – Earnings Per Share

	Quarter ended 30/09/2023 RM’000	Quarter ended 30/09/2022 RM’000	Period ended 30/09/2023 RM’000	Period ended 30/09/2022 RM’000
Profit / (Loss) For The Period Attributable To: Equity Holders Of The Company (RM’000)	1,215	14,965	32,841	(74,401)
Weighted average number of ordinary shares in issue (’000)				
- Basic	8,215,600	8,215,600	8,215,600	8,215,600
Effects of dilution:				
Options under ESOS				
- Diluted	8,215,600	8,215,600	8,215,600	8,215,600
Earnings / (Loss) Per Share Attributable To Equity Holders Of The Company:				
- Basic / Diluted (Sen)	0.01	0.18	0.40	(0.91)

94,040,000 options under the Employees’ Share Option Scheme (“ESOS”) granted on 1 November 2019 have not been included in the calculation of diluted earnings per share as the exercise price of the options exceeds the average market price of ordinary shares.

NOTE 25 – Audit Qualification

The audit report in respect of the annual financial statements of the Company for the financial year ended 31 December 2022 was not qualified.

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

	Quarter ended 30/09/2023 RM'000	Period ended 30/09/2023 RM'000
(a) Interest income	866	2,722
(b) Depreciation and amortisation	(54,356)	(147,672)
(c) Net foreign exchange loss	(2,525)	(1,490)
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By Order Of The Board

LEE MI RYOUNG
Secretary
(MAICSA 7058423)

SAZLYNA SAPIEE
Joint Secretary
(MIA 19254)

Kuala Lumpur
29 November 2023