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 First Quarter Ended 31st March 2019

(The Figures Have Not Been Audited)

	Current Quarter Ended 31/03/2019 RM'000	Comparative Quarter Ended 31/03/2018 RM'000	3 Months Cumulative To Date 31/03/2019 RM'000	Comparative 3 Months Cumulative To Date 31/03/2018 RM'000
Continuing Operations				
Revenue	127,029	121,763	127,029	121,763
Operating Expenses	(128,080)	(123,120)	(128,080)	(123,120)
Other Operating Income	494	22,946	494	22,946
(Loss) / Profit From Operations	(557)	21,589	(557)	21,589
Finance Costs	(21,361)	(21,761)	(21,361)	(21,761)
Share Of Profits Of Associated Company	55	66	55	66
Investment Income	2,248	5,045	2,248	5,045
(Loss) / Profit Before Tax From Continuing Operations	(19,615)	4,939	(19,615)	4,939
Taxation	(2,612)	(67)	(2,612)	(67)
(Loss) / Profit From Continuing Operations, Net Of Tax	(22,227)	4,872	(22,227)	4,872
Other Comprehensive Loss:				
Translation Of Foreign Operations	(45,265)	(114,250)	(45,265)	(114,250)
Other Comprehensive Loss, Net Of Tax	(45,265)	(114,250)	(45,265)	(114,250)
Total Comprehensive Loss For The Period	(67,492)	(109,378)	(67,492)	(109,378)
(Loss) / Profit For The Period Attributable To:				
Equity Holders Of The Company	(22,219)	5,015	(22,219)	5,015
Non-controlling Interests	(8)	(143)	(8)	(143)
	(22,227)	4,872	(22,227)	4,872
Total Comprehensive Loss Attributable To:				
Equity Holders Of The Company	(67,357)	(109,189)	(67,357)	(109,189)
Non-controlling Interests	(135)	(189)	(135)	(189)
	(67,492)	(109,378)	(67,492)	(109,378)
(Loss) / Profit Per Share Attributable To Equity Holders Of The Company:				
Basic (Sen)	(0.27)	0.06	(0.27)	0.06

(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

	(Unaudited) As At 31/03/2019 RM'000	(Audited) As At 31/12/2018 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	3,429,089	3,530,440
Land Use Rights	1,432	1,427
Right of Use Assets	8,969	-
Investment In Associate	2,149	2,245
Deferred Tax Assets	670	666
	3,442,309	3,534,778
Current Assets		
Inventories	179,846	179,504
Other Investments	116,860	165,606
Trade Receivables	251,433	234,244
Other Receivables	12,978	14,281
Deposits, Cash & Bank Balances	207,691	235,029
	768,808	828,664
TOTAL ASSETS	4,211,117	4,363,442
EQUITY AND LIABILITIES		
Equity Attributable To The Equity Holders Of The Company		
Share Capital	4,054,817	4,054,817
Capital Contribution - ESOS	3,187	3,187
Warrant Reserve	211,876	211,876
Other Reserves	661,610	706,748
Accumulated Losses	(2,201,875)	(2,179,656)
	2,729,615	2,796,972
Non-controlling Interests	1,395	1,530
TOTAL EQUITY	2,731,010	2,798,502
Non-Current Liabilities		
Long Term Borrowings	1,253,374	1,348,379
Lease Liabilities	7,520	-
	1,260,894	1,348,379
Current Liabilities		
Taxation	2,625	336
Short Term Borrowings	95,646	88,828
Lease Liabilities	1,499	-
Trade Payables	86,270	89,336
Other Payables	33,173	38,061
	219,213	216,561
TOTAL LIABILITIES	1,480,107	1,564,940
TOTAL EQUITY AND LIABILITIES	4,211,117	4,363,442
Net Assets Per Share (RM)	**0.3322**	**0.3404**

VELESTO ENERGY BERHAD

(formerly known as UMW OIL & GAS CORPORATION BERHAD)

Condensed Consolidated Statement Of Changes In Equity For The Year Ended 31st March 2019

	Non - Distributable							Distributable			
	Share Capital 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**	**Accumulated Losses RM'000**	**Total RM'000**	**Non - Controlling Interests RM'000**	**Total Equity RM'000**
3 MONTHS ENDED 31ST MARCH 2019											
At 1st January 2019	4,054,817	3,187	-	211,876	698	627,905	78,145	(2,179,656)	2,796,972	1,530	2,798,502
Transactions With Owners											
Total Comprehensive Loss	-	-	-	-	-	(45,138)	-	(22,219)	(67,357)	(135)	(67,492)
At 31st March 2019	4,054,817	3,187	-	211,876	698	582,767	78,145	(2,201,875)	2,729,615	1,395	2,731,010

Condensed Consolidated Statement Of Changes In Equity For The Period Ended 31st March 2018

	Non - Distributable							Distributable			
	Share Capital 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**	**Accumulated Losses RM'000**	**Total RM'000**	**Non - Controlling Interests RM'000**	**Total Equity RM'000**
3 MONTHS ENDED 31ST MARCH 2018											
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 A Subsidiary	-	(56)	-	-	-	-	-	-	(56)	1,539	1,483
Total Comprehensive Gain/(Loss)	-	-	-	-	-	(114,204)	-	5,015	(109,189)	(189)	(109,378)
At 31st March 2018	4,054,817	3,187	-	211,876	698	460,508	78,145	(2,155,113)	2,654,118	2,180	2,656,298

(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 31st March 2019

	(Unaudited) 3 Months Ended 31/03/2019 RM'000	(Unaudited) 3 Months Ended 31/03/2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit Before Tax	(19,615)	4,939
Adjustments For:		
Depreciation & Amortisation	48,362	44,081
Interest Expense	21,361	21,761
Share Of Results Of Associate	(55)	(66)
Interest Income	(915)	(5,045)
Net Gain On Disposal Of Property, Plant & Equipment	(12)	(10)
Net Unrealised Foreign Exchange (Gain) / Loss	(271)	3,655
Net Fair Value Gain On Money Market Fund	(96)	-
Property, Plant & Equipment Written Off	-	3
Dividend Income From Money Market Fund	(1,333)	-
Operating Profit Before Working Capital Changes	47,426	69,318
(Increase) / Decrease In Receivables	(11,869)	65,491
(Increase) / Decrease In Inventories	(2,836)	4,095
(Decrease) / Increase In Payables	(17,356)	(55,520)
Cash Generated From Operating Activities	15,365	83,384
Interest Paid	(22,827)	(22,515)
Taxes Paid	(481)	(243)
Net Cash (Used In) / Generated From Operating Activities	(7,943)	60,626
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase Of Property, Plant & Equipment	(710)	(104)
Proceeds From Disposal Of Property, Plant & Equipment	28	30
Net Proceeds From Disposal Of Subsidiary	-	67
Investment Income	2,248	5,045
Proceeds From Disposal Of Money Market Fund	50,175	-
Net Cash Generated From Investing Activities	51,741	5,038
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Movement In Short Term Borrowings	(68,615)	(391,526)
Placement Of Restricted Cash Deposits In Licensed Bank	(12,561)	(8,446)
Net Cash Used In Financing Activities	(81,176)	(399,972)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(37,378)	(334,308)
CASH AND CASH EQUIVALENTS AS AT 1ST JANUARY	187,437	669,853
EFFECTS OF EXCHANGE RATE CHANGES	(2,521)	(4,381)
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH	147,538	331,164
Cash and Cash Equivalents comprise:		
Deposits, Cash & Bank Balances	207,691	350,504
Less: Restricted cash	(60,153)	(19,340)
	147,538	331,164

(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 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 31st December 2018, except for the adoption of the following MFRS/ Amendments/Interpretations effective 1 January 2019:

a) MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)
b) MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)
c) MFRS 16 Leases
d) MFRS 128 Long-term interests in Associates and Joint Ventures (Amendments to MFRS128)
e) IC Interpretation 23 Uncertainty over Income Tax Treatments
f) Annual Improvements to MFRS Standards 2015–2017 Cycle

The Group has adopted the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1st January 2019. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group as mentioned below:

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

As allowed by the transitional provision of MFRS 16, the Group has elected the modified retrospective approach with no restatement of comparative. Right of use assets are measured at an amount equal to the lease liability amount on the date of transition.

MFRS 16 Leases (Cont'd):

The adoption of MFRS 16 have the following impact on the unaudited consolidated financial statements for the period ended 31st March 2019:

	Unaudited 31/03/2019 RM'000	Impact of MFRS 16 adoption RM'000	Unaudited 31/03/2019 with adoption of MFRS 16 RM'000
Consolidated Statement Of Financial Position			
Right of Use Assets	-	8,969	8,969
Lease Liabilities	-	9,019	9,019
Consolidated Statement Of Comprehensive Income			
Depreciation	47,941	421	48,362
Other operating expenses	80,205	(487)	79,718
Finance costs	21,245	116	21,361

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:

- Amendments to MFRS 3, Business Combinations – Definition of a Business (effective 1 January 2020)
- Amendments to MFRS 101, Presentation of Financial Statements (effective 1 January 2020)
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material (effective 1 January 2020)
- MFRS 17, Insurance Contracts (effective 1 January 2021)
- Amendments to MFRS 10 and MFRS 128, 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 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, 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 cyclicality in the offshore drilling and oilfield services industries.

NOTE 3 – Exceptional Items

As at 31st March 2019, the United States Dollar ("USD") has weakened against the Ringgit Malaysia ("RM") by about 1.5% when compared to the exchange rate as at 31st December 2018. This has affected the Group's assets and liabilities that are denominated in USD upon translation to RM, the presentation currency of the Company. The net impact to equity as at 31st March 2019 was a loss of RM 45.1 million.

Other than above, there were no other material unusual items affecting assets, liabilities, equity, net income or cash flows during the financial year ended 31st March 2019.

NOTE 4 – Accounting Estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial year and in prior financial years that have a material effect during the financial year ended 31st March 2019.

NOTE 5 – Issuance or Repayment of Debt and Equity Securities

There were no issuances or repayments of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial year ended 31st March 2019.

NOTE 6 – Dividends Paid

There was no dividends paid during the period ended 31st March 2019.

NOTE 7 – Segmental Reporting

	Financial Year Ended 31st March 2019		
Business Segment	**Revenue RM'000**	**Profit / (Loss) Before Tax RM'000**	**Profit / (Loss) Attributable to Owners of the Company RM'000**
Drilling Services	124,735	(10,816)	(13,279)
Oilfield Services	2,205	(274)	(369)
Others	89	(8,525)	(8,571)
Consolidated Total	**127,029**	**(19,615)**	**(22,219)**

	Financial Year Ended 31st March 2018		
Business Segment	**Revenue RM'000**	**Profit / (Loss) Before Tax RM'000**	**Profit / (Loss) Attributable to Owners of the Company RM'000**
Drilling Services	118,016	(10,390)	(10,428)
Oilfield Services	3,632	(917)	(790)
Others	115	16,246	16,233
Consolidated Total	**121,763**	**4,939**	**5,015**

The decrease in total assets from RM4,363.4 million to RM4,211.1 million during the financial year ended 31st March 2019 was mainly due to the depreciation of RM48.4 million and loss of approximately RM53.8 million arising from the retranslation of Group's fixed assets denominated in USD to RM, the presentation currency of the Company. The deposit, cash and bank balances reduced due to repayment of borrowings amounting to RM68.6 million, which includes quarterly instalment commitments and additional partial prepayment to pare down the term loan.

Total liabilities reduced mainly due to reduction of term borrowings from repayment of loan during the period.

Other than the above, there has been no other material movement in total assets and total liabilities 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 31st March 2019 to the date of this announcement, which substantially affects the results of the Group for the financial year ended 31st March 2019.

NOTE 9 – Changes in Composition / Group

1. On 21st February 2019, the Board of Directors of the Group announced the incorporation of the following nine new subsidiaries in Malaysia under the Companies Act, 2016:

   a) Velesto Rig Asset Sdn Bhd
   b) Velesto Sumber Sdn Bhd
   c) Velesto Drilling 2 Sdn Bhd
   d) Velesto Drilling 3 Sdn Bhd
   e) Velesto Drilling 4 Sdn Bhd
   f) Velesto Drilling 5 Sdn Bhd
   g) Velesto Drilling 6 Sdn Bhd
   h) Velesto Drilling 7 Sdn Bhd
   i) Velesto Drilling 8 Sdn Bhd

   The above mentioned companies are wholly owned subsidiaries of Velesto Malaysian Ventures Sdn Bhd, with an initial issued and paid-up capital of RM2, respectively.

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 ended 31st March 2019.

Other than the above, there were no other changes in the composition of the Group during the financial year ended 31st March 2019.

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	45	
Equipment, plant and machinery	34,848	
Others	22	34,915
Approved but not contracted for:		
Land and buildings	3,776	
Equipment, plant and machinery	166,288	
Others	2,937	173,001
Total		207,916

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 31st March 2019.

NOTE 14 – Review of Performance

Current Quarter Ended 31st March 2019

	Revenue		**Profit / (Loss) Before Tax**	
	1st Quarter ended 31/03/2019 RM'000	**1st Quarter ended 31/03/2018 RM'000**	**1st Quarter ended 31/03/2019 RM'000**	**1st Quarter ended 31/03/2018 RM'000**
Business Segment				
Drilling Services	124,735	118,016	(10,816)	(10,390)
Oilfield Services	2,205	3,632	(274)	(917)
Others	89	115	(8,525)	16,246
Total	**127,029**	**121,763**	**(19,615)**	**4,939**

Group

Group revenue of RM127.0 million for the first quarter ended 31st March 2019 was higher than the RM121.8 million registered in the same quarter of 2018, an increase of RM5.2 million or 4.3%. The Drilling Services segment reported a higher revenue in the first quarter of 2019 as a result of higher utilisation of rigs and average charter rate.

The Group recorded a loss before taxation of RM19.6 million in the first quarter of 2019 against a profit of RM4.9 million recorded in the same quarter of 2018. This was mainly due to net foreign exchange gain of RM18.2 million recorded in the prior year corresponding period which resulted from early settlement of revolving credit.

Drilling Services Segment

In the first quarter of 2019, the Drilling Services segment contributed revenue of RM124.7 million or 98.2% of the total revenue for the Group, an increase of RM6.7 million or 5.7% from the RM118.0 million recorded in the same quarter of 2018. This was due to higher average asset utilisation of 66% as compared to 65% in the same period of 2018.

Despite the higher revenue, Drilling Services segment recorded a higher loss before taxation of RM10.8 million in the first quarter of 2019 compared to a loss of RM10.4 million reported in the same quarter of 2018. Included in the previous year corresponding period loss before taxation was an insurance claim of RM3.9 million. Without the claim, the segment's loss before taxation in the prior year would have been RM14.3 million that is RM3.5 million higher than the current period loss.

Oilfield Services Segment

The Oilfield Services segment contributed revenue of RM2.2 million or 1.7% of the total revenue of RM127.0 million in the first quarter of 2019. This was lower than the revenue registered in the same quarter of 2018 by RM1.4 million, mainly due to the ceasing of business operation in Labuan.

Consequently, the Oilfield Services segment reported a lower loss before taxation of RM0.3 million in the first quarter of 2019 as compared to RM0.9 million loss recorded in the same quarter of 2018, an improvement of RM0.6 million or 66.7%.

Others Segment

Others segment recorded loss before taxation of RM8.5 million as compared to profit before taxation of RM16.2 million mainly due to net foreign exchange gain of RM18.2 million resulted from early settlement of revolving credit recorded in the previous year corresponding period.

NOTE 15 – Comparison with Preceding Quarter's Results

	Revenue		Profit / (Loss) Before Tax	
	1st Quarter ended 31/03/2019 RM'000	(Restated) 4th Quarter ended 31/12/2018 RM'000	1st Quarter ended 31/03/2019 RM'000	(Restated) 4th Quarter ended 31/12/2018 RM'000
Business Segment				
Drilling Services	124,735	186,077	(10,816)	13,967
Oilfield Services	2,205	3,652	(274)	(7,109)
Others	89	146	(8,525)	8,663
Total	**127,029**	**189,875**	**(19,615)**	**15,521**

Group revenue of RM127.0 million for the first quarter of 2019 was lower than the RM189.9 million achieved in the fourth quarter of 2018, a reduction of RM62.9 million or 33.1%. Lower revenue in the current year quarter was due to lower asset utilisation of 66% as compared to 91% in the previous year quarter.

As a result, the Group posted a loss before taxation of RM19.6 million in the first quarter of 2019 compared to a profit before taxation of RM15.5 million reported in the fourth quarter of 2018. Others segment reported a loss before taxation of RM8.5 million as compared to a profit of RM8.7 million due to lower other income in the current quarter as well as re-allocation and reversal of some provision expenses made in the preceding quarter.

NOTE 16 – Current Prospect

Drilling Services Segment

The benchmark Brent oil price has been stabilising within a narrow band of around USD70 per barrel, driven by both positive and negative industry activities and other global factors. The positives include the continued production quota by OPEC and non-OPEC major producers, the Iran and Venezuela sanctions and the declining producing capability of some of the major producers. These are offset by continued increase in US shale production and concerns about the threats to global economy from US-China trade disputes.

Drilling activities have continued to increase with more contracts being tendered out and awarded, both locally and globally. At present, four out of the seven jack-up drilling rigs owned by the Group are working while the rest are being prepared to be mobilized for the recently awarded long term contracts, expected to commence within the month of May 2019. With the commencement of the new contracts, utilization of the rigs are expected to increase significantly in the second half of the year, with a number of them expected to continue working into 2020 and beyond.

The demand for hydraulic workover units is also improving with one of the Group's unit already working and a number of tenders presently being issued out. The increased demand in both jack-up drilling rigs and hydraulic workover units is expected to benefit the Group, being the main player with strong domestic and regional track records. Gradual improvement in time charter rate is also seen based on recently awarded contracts.

At present, the Group is aggressively bidding for additional new contracts to replace the three contracts expected to expire late this year and next year.

Oilfield Services Segment

While the business outlook has shown some improvement, the Group will continuously evaluate the viability of the only remaining minor subsidiary operating under this segment.

Group

Based on the present outlook of higher utilisation and time charter rates for the Group's assets in the second half of the year, the Board expects an improved financial performance of the Group in 2019.

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

	1st Quarter ended 31/03/2019 RM'000
Taxation for current period	2,695
Over provision in prior periods	(79)
	2,616
Deferred taxation	(4)
Total	2,612

Several companies within the Group were profitable and in tax payable position, hence the tax charge of RM2,612,000 for the first quarter ended 31st March 2019.

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	95,646	95,646	23,431
		95,646	23,431
Long term borrowings			
- Secured			
Long term loans	1,376,923		337,316
Portion of long term loans payable within 12 months	(95,646)		(23,431)
Less: Transaction cost	(27,903)		
		1,253,374	
		1,253,374	313,885

Movements of Borrowings	**Short Term Borrowings** RM '000	**Long Term Borrowings** RM '000
Opening Balance	88,828	1,348,379
Add : Transaction cost	-	30,995
(Less)/Add : Amount payable within 12 months	(88,828)	88,828
Adjusted Opening Balance	-	1,468,202
Less : Exchange Difference	-	(22,664)
Less : Repayment	-	(68,615)
	-	1,376,923
Less : Transaction cost	-	(27,903)
Add/(Less) : Amount payable within 12 months	95,646	(95,646)
Closing Balance	95,646	1,253,374

NOTE 22 – Material Litigation

Following the Arbitration Final Award from Singapore International Arbitration Centre No. 071 of 2015 on 12th July 2018, Velesto Drilling Sdn Bhd ("VED"), a wholly–owned subsidiary of the Company has on 21st December 2018 filed a Petition For Recognition and Enforcement of the Foreign Arbitral Award ("Petition") against Frontier Oil Corporation ("FOC") at the Regional Trial Court ("RTC"), in Makati City, Philippines.

Attempts by the Court Sheriff to serve the said Petition on FOC were unsuccessful. VED has since filed a Motion for Issuance of Alias Summons in order to serve the Petition upon FOC's president, corporate secretary and treasurer.

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

NOTE 23 – Dividend

No dividend has been recommended for the quarter ended 31st March 2019.

NOTE 24 – Earnings Per Share

Basic profit/(loss) per share for the current quarter and the financial year ended 31st March 2019 are calculated by dividing the net profit/(loss) attributable to equity holders of the Company of (RM22,219,000) respectively, by the weighted average number of ordinary shares in issue as at 31st March 2019 of 8,215,600,000 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 2018 was not qualified.

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

	1st Quarter ended 31/03/2019 RM'000
(a) Interest income	915
(b) Other Investment Income	1,333
(c) Depreciation and amortisation	(48,362)
(d) Net gain / (loss) on disposal of property, plant and equipment	12
(e) Net foreign exchange gain / (loss)	527
(f) Property, plant and equipment written off and impairment	-

By Order Of The Board

MOHD NIZAMUDDIN BIN MOKHTAR
Secretary
(LS0010247)

Kuala Lumpur
21st May 2019