

VELESTO ENERGY BERHAD

(COMPANY NO : 200901035667)

(INCORPORATED IN MALAYSIA)

Unaudited Condensed Consolidated Statement Of Comprehensive Income For The Second Quarter Ended 30 June 2021

	Quarter Ended 30/06/2021 RM'000	Quarter Ended 30/06/2020 RM'000	(Unaudited) Financial Period Ended 30/06/2021 RM'000	(Unaudited) Financial Period Ended 30/06/2020 RM'000
<u>Continuing Operations</u>				
Revenue	83,555	140,947	127,482	317,216
Operating Expenses	(143,937)	(139,040)	(238,591)	(280,071)
Asset Written Off	(460,519)	-	(460,519)	-
Other Operating Income	551,820	14	551,875	47
Profit / (Loss) From Operations	30,919	1,921	(19,753)	37,192
Finance Costs	(10,811)	(17,584)	(21,618)	(37,097)
Share Of Results Of Associated Company	40	58	84	102
Investment Income	661	2,074	1,809	4,004
Profit / (Loss) Before Tax From Continuing Operations	20,809	(13,531)	(39,478)	4,201
Taxation	(4,542)	(1,718)	(4,729)	(3,125)
Profit / (Loss) From Continuing Operations, Net Of Tax	16,267	(15,249)	(44,207)	1,076
<u>Other Comprehensive Income / (Loss):</u>				
Foreign Currency Translation	2,175	(24,290)	67,505	128,883
Other Comprehensive Income / (Loss), Net Of Tax	2,175	(24,290)	67,505	128,883
Total Comprehensive Income / (Loss) For The Period	18,442	(39,539)	23,298	129,959
<u>Profit / (Loss) For The Period Attributable To:</u>				
Equity Holders Of The Company	16,267	(15,249)	(44,207)	1,076
Non-controlling Interests	-	-	-	-
	16,267	(15,249)	(44,207)	1,076
<u>Total Comprehensive Income / (Loss) Attributable To:</u>				
Equity Holders Of The Company	18,442	(39,528)	23,289	129,916
Non-controlling Interests	-	(11)	9	43
	18,442	(39,539)	23,298	129,959
<u>Earnings / (Loss) Per Share Attributable To Equity Holders Of The Company:</u>				
Basic (Sen)	0.20	(0.19)	(0.54)	0.01
Diluted (Sen)	0.20	(0.19)	(0.54)	0.01

(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 2020)

VELESTO ENERGY BERHAD
Unaudited Condensed Consolidated Statement Of Financial Position

	(Unaudited)	(Audited)
	As At	As At
	30/06/2021	31/12/2020
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	2,313,840	2,720,739
Right-of-use Assets	9,342	9,990
Investment In Associate	1,960	1,877
	<u>2,325,142</u>	<u>2,732,606</u>
Current Assets		
Inventories	174,672	199,614
Other Investments	103,983	97,938
Trade Receivables	111,527	147,092
Other Receivables	30,366	15,724
Other Receivables - Insurance Claim	558,701	-
Deposits, Cash & Bank Balances	156,472	261,234
	<u>1,135,721</u>	<u>721,602</u>
TOTAL ASSETS	3,460,863	3,454,208
EQUITY AND LIABILITIES		
Equity Attributable To The Equity Holders Of The Company		
Share Capital	1,844,817	1,844,817
Capital Contribution - ESOS	9,451	7,525
Warrant Reserve	211,876	211,876
Other Reserves	701,043	633,547
Accumulated Losses	(472,377)	(428,170)
	<u>2,294,810</u>	<u>2,269,595</u>
Non-controlling Interests	914	1,211
TOTAL EQUITY	2,295,724	2,270,806
Non-Current Liabilities		
Long Term Borrowings	818,180	871,139
Lease Liabilities	5,333	5,719
	<u>823,513</u>	<u>876,858</u>
Current Liabilities		
Taxation	4,193	7,903
Short Term Borrowings	203,446	182,663
Lease Liabilities	2,837	5,577
Trade Payables	81,680	89,516
Other Payables	49,470	20,885
	<u>341,626</u>	<u>306,544</u>
TOTAL LIABILITIES	1,165,139	1,183,402
TOTAL EQUITY AND LIABILITIES	3,460,863	3,454,208
Net Assets Per Share (RM)	0.2793	0.2763

(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 2020)

VELESTO ENERGY BERHAD

Unaudited Condensed Consolidated Statement Of Changes In Equity For The Period Ended 30 June 2021

	← Non - Distributable →					Gain On Derecognition of Financial Liabilities RM'000	Distributable		Non - Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Options Reserve RM'000	Warrant Reserve RM'000	Capital Reserve RM'000	Foreign Currency Translation Reserve RM'000	Accumulated Losses RM'000	Total RM'000			
At 1 January 2021	1,844,817	7,525	211,876	698	554,704	78,145	(428,170)	2,269,595	1,211	2,270,806
Transactions With Owners:										
Share options granted under										
Employees' Share Option Scheme ("ESOS")	-	1,926	-	-	-	-	-	1,926	-	1,926
Disposal of Investment in Subsidiary	-	-	-	-	-	-	-	-	(306)	(306)
Total Comprehensive Income / (Loss)	-	-	-	-	67,496	-	(44,207)	23,289	9	23,298
At 30 June 2021	1,844,817	9,451	211,876	698	622,200	78,145	(472,377)	2,294,810	914	2,295,724

Unaudited Condensed Consolidated Statement Of Changes In Equity For The Period Ended 30 June 2020

	← Non - Distributable →					Gain On Derecognition of Financial Liabilities RM'000	Distributable		Non - Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Options Reserve RM'000	Warrant Reserve RM'000	Capital Reserve RM'000	Foreign Currency Translation Reserve RM'000	Accumulated Losses RM'000	Total RM'000			
At 1 January 2020	4,054,817	3,905	211,876	698	599,213	78,145	(2,146,438)	2,802,216	1,260	2,803,476
Transactions With Owners:										
Share options granted under										
Employees' Share Option Scheme ("ESOS")	-	1,923	-	-	-	-	-	1,923	-	1,923
Total Comprehensive Income	-	-	-	-	128,840	-	1,076	129,916	43	129,959
At 30 June 2020	4,054,817	5,828	211,876	698	728,053	78,145	(2,145,362)	2,934,055	1,303	2,935,358

(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 2020)

VELESTO ENERGY BERHAD

Unaudited Condensed Consolidated Statement Of Cash Flows For The Period Ended 30 June 2021

	(Unaudited) 6 Months Ended 30/06/2021 RM'000	(Unaudited) 6 Months Ended 30/06/2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit Before Tax	(39,478)	4,201
Adjustments For:		
Depreciation & Amortisation	80,235	120,181
Asset Written Off	460,519	-
Interest Expense	21,618	37,097
Share Of Results Of Associated Company	(84)	(102)
Investment Income	(1,809)	(4,004)
Net Unrealised Foreign Exchange Loss	4,893	10,076
Net Fair Value (Gain) / Loss On Money Market Fund	(235)	135
Share Options Granted Under ESOS	1,925	1,923
Operating Profit Before Working Capital Changes	<u>527,584</u>	<u>169,507</u>
(Increase) / Decrease In Receivables	(518,794)	118,191
Decrease / (Increase) In Inventories	4,102	(19,013)
Increase / (Decrease) In Payables	25,740	(30,223)
Cash Generated From Operating Activities	<u>38,632</u>	<u>238,462</u>
Interest Paid	(22,728)	(33,965)
Taxes Paid	(14,067)	(4,095)
Net Cash Generated From Operating Activities	<u>1,837</u>	<u>200,402</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase Of Property, Plant & Equipment	(40,442)	(38,700)
Interest Received	1,809	4,004
Net Placement Of Investments In Money Market Fund	(5,292)	(144,648)
Net Cash Used In Investing Activities	<u>(43,925)</u>	<u>(179,344)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Movement In Short Term Borrowings	(66,708)	(76,050)
Payment Of Lease Liabilities	(3,562)	(2,664)
Withdrawal / (Placement) Of Restricted Cash Deposits In Licensed Bank	364	(2,143)
Net Cash Used In Financing Activities	<u>(69,906)</u>	<u>(80,857)</u>
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(111,994)	(59,799)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	203,331	168,279
EFFECTS OF EXCHANGE RATE CHANGES	7,597	8,092
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	<u>98,934</u>	<u>116,572</u>
Cash and Cash Equivalents comprise:		
Deposits, Cash & Bank Balances	156,472	190,419
Less: Restricted Cash	(57,538)	(73,847)
	<u>98,934</u>	<u>116,572</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 2020)

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 2020 except for the adoption of the following MFRS/Amendments/Interpretations effective on or after 1 January 2021:

- Amendments to MFRS 4 Insurance Contracts (Interest Rate Benchmark Reform-Phase 2)
- Amendments to MFRS 7: Financial Instruments - Disclosures (Interest Rate Benchmark Reform-Phase 2)
- Amendments to MFRS 9: Financial Instruments (Interest Rate Benchmark Reform-Phase 2)
- Amendments to MFRS 16 Leases (Interest Rate Benchmark Reform-Phase 2)
- Amendments to MFRS 139: Financial Instruments: Recognition and Measurement (Interest Rate Benchmark Reform-Phase 2)
- Amendments to MFRS 16: Leases (Covid-19-Related Rent Concessions beyond 30 June 2021)

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:

- Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards - Annual Improvements to MFRS Standards 2018-2020 (effective 1 January 2022)
- Amendments to MFRS 3: Business Combinations - Reference to the Conceptual Framework (effective 1 January 2022)
- Amendments to MFRS 9 Financial Instruments - Annual Improvements to MFRS Standards 2018-2020 (effective 1 January 2022)
- Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use (effective 1 January 2022)
- Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract (effective 1 January 2022)
- MFRS 17, Insurance Contracts (effective 1 January 2023)
- Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates (effective 1 January 2023)
- Amendments to MFRS 101: Presentation of Financial Statements - Classification of Liabilities as Current or Non-current (effective 1 January 2023)
- Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)
- 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 to the upstream sector of the oil and gas industry; and
- (b) the provision of workover services for the oil and gas industry; as well as 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 cyclical 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 June 2021.

NOTE 4 – Accounting Estimates

There were no material changes in estimates of amounts reported in the prior interim periods of the current financial year or the previous financial years that have a material effect on the results for the financial period under review.

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 year under review.

NOTE 6 – Dividends Paid

There were no dividends paid during the financial period ended 30 June 2021.

NOTE 7 – Segmental Reporting

Business Segment	Revenue RM'000	Profit / (Loss) Before Tax RM'000	Profit / (Loss) Attributable to Owners of the Company RM'000
Drilling Services	121,018	(18,645)	(23,215)
Oilfield Services	5,877	(2,384)	(2,519)
Others (include corporate expenses)	752	(18,449)	(18,473)
Inter-segment	(165)	-	-
Consolidated Total	127,482	(39,478)	(44,207)

Financial Period Ended 30 June 2020

Business Segment	Revenue RM'000	Profit / (Loss) Before Tax RM'000	Profit / (Loss) Attributable to Owners of the Company RM'000
Drilling Services	312,136	18,822	16,904
Oilfield Services	4,829	(3,059)	(3,302)
Others (include corporate expenses)	416	(11,562)	(12,526)
Inter-segment	(165)	-	-
Consolidated Total	317,216	4,201	1,076

NOTE 8 – Subsequent Material Events

There has been no material event or transaction during the period from 30 June 2021 to the date of this announcement, which substantially affects the results of the Group for the financial period ended 30 June 2021.

NOTE 9 – Changes in Composition / Group

There were no changes in the composition of the Group during the financial period ended 30 June 2021.

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

The capital commitments are in respect of the following:

	RM'000	RM'000
Approved and contracted for:		
Land and buildings	-	
Equipment, plant and machinery	42,081	
Others	4,699	46,780
	<hr/>	
Approved but not contracted for:		
Land and buildings	2,872	
Equipment, plant and machinery	86,869	
Others	8,018	97,759
Total	<hr/>	<hr/> <hr/>
		144,539

NOTE 11 - Significant Related Party Transactions

There were no significant related party transactions for the financial period ended 30 June 2021.

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 June 2021.

NOTE 14 – Review of Performance

Performance of Current Quarter Against the Quarter Ended 30 June 2020 (“corresponding quarter”)

	Revenue		Profit / (Loss) Before Tax	
	2nd Quarter ended 30/06/2021 RM'000	2nd Quarter ended 30/06/2020 RM'000	2nd Quarter ended 30/06/2021 RM'000	2nd Quarter ended 30/06/2020 RM'000
Business Segment				
Drilling Services	80,247	137,911	30,275	(7,717)
Oilfield Services	2,927	2,982	(1,005)	(494)
Others (include corporate expenses)	381	54	(8,461)	(5,320)
Total	83,555	140,947	20,809	(13,531)

Group

Group revenue of RM83.6 million was 40.7% lower than the corresponding quarter's revenue of RM140.9 million, mainly due to lower activities in Drilling segment during the quarter.

With the recognition of insurance claim, the Group reported RM20.8 million profit before tax in the current quarter against corresponding quarter's loss before tax of RM13.5 million.

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

Drilling Services Segment

Drilling Services segment registered a 41.8% decrease in revenue to RM80.2 million in current quarter, mainly due to lower average jack-up rig utilisation of 38% as compared to 67% in the corresponding quarter.

However, the Drilling Services segment registered RM30.3 million profit before tax against the loss before tax of RM7.7 million reported in the corresponding quarter, mainly due to the recognition of insurance claim in relation to Naga 7 incident.

Oilfield Services Segment

The Oilfield Services segment recorded a slight decrease in revenue by 1.8% to RM2.9 million in the current quarter as compared to revenue of RM3.0 million in the corresponding quarter.

As a result of lower revenue, the Oilfield Services segment recorded higher loss before tax of RM1.0 million against the loss before tax of RM0.5 million reported in the corresponding quarter.

Others Segment (include corporate expenses)

Others segment which include corporate expenses recorded higher loss before tax of RM8.5 million in the current quarter against loss before tax of RM5.3 million reported in the corresponding quarter mainly due to net foreign exchange loss of RM0.1 million against net foreign exchange gain of RM1.5 million in the corresponding quarter and lower investment income by RM0.6 million.

NOTE 14 – Review of Performance (continued)

Performance of Current Period Against the Financial Period Ended 30 June 2020 (“corresponding period”)

	Revenue		Profit / (Loss) Before Tax	
	Financial period ended 30/6/2021 RM'000	Financial period ended 30/6/2020 RM'000	Financial period ended 30/6/2021 RM'000	Financial period ended 30/6/2020 RM'000
Business Segment				
Drilling Services	121,018	312,136	(18,645)	18,822
Oilfield Services	5,877	4,829	(2,384)	(3,059)
Others (include corporate expenses)	587	251	(18,449)	(11,562)
Total	127,482	317,216	(39,478)	4,201

Group

Group revenue of RM127.5 million was 59.8% lower than the corresponding period's revenue of RM317.2 million, mainly due to lower activities in Drilling segment.

With the recognition of insurance claim, the Group reported RM39.5 million loss before tax in the current period against corresponding period's profit before tax of RM4.2 million.

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

Drilling Services Segment

Drilling Services segment registered a 61.2% decrease in revenue to RM121.0 million in current period, mainly due to lower average jack-up rig utilisation of 33% as compared to 77% in the corresponding period.

As a result of lower utilisation, the Drilling Services segment registered a loss before tax of RM18.6 million against the profit before tax of RM18.8 million reported in the corresponding period. The current period result includes the recognition of insurance claim.

Oilfield Services Segment

The Oilfield Services segment recorded higher revenue by 21.7% to RM5.9 million in the current period as compared to revenue of RM4.8 million in the corresponding period. This was mainly due to higher revenue from Oilfield Services (Tianjin) in the current period.

As a result of higher revenue, the Oilfield Services segment recorded lower loss before tax of RM2.4 million against the loss before tax of RM3.1 million reported in the corresponding period.

Others Segment (include corporate expenses)

Others segment which include corporate expenses recorded higher loss before tax of RM18.4 million in the current period against loss before tax of RM11.6 million reported in the corresponding period mainly due to net foreign exchange loss of RM2.5 million against net foreign exchange gain of RM2.7 million in the corresponding period and lower investment income by RM1.1 million.

NOTE 15 – Comparison with Preceding Quarter’s Results

	Revenue		Profit / (Loss) Before Tax	
	2nd Quarter ended 30/06/2021 RM'000	1st Quarter ended 31/03/2021 RM'000	2nd Quarter ended 30/06/2021 RM'000	1st Quarter ended 31/03/2021 RM'000
Business Segment				
Drilling Services	80,247	40,771	30,275	(48,920)
Oilfield Services	2,927	2,950	(1,005)	(1,379)
Others (include corporate expenses)	381	206	(8,461)	(9,988)
Total	83,555	43,927	20,809	(60,287)

The Group’s revenue of RM83.6 million was 90.2% higher than the preceding quarter’s revenue of RM43.9 million. This was mainly due to higher revenue from Drilling Services as a result of higher average jack-up rig utilisation of 38% as compared to 28% in the preceding quarter.

The Group recorded a profit before tax of RM20.8 million against loss before tax of RM60.3 million in the preceding quarter. The current quarter profit before tax was significantly impacted by the recognition of insurance claim in relation to Naga 7 incident.

NOTE 16 – Review of Consolidated Statement of Financial Position

	As at 30/06/2021 RM'000	As at 31/12/2020 RM'000
Total assets	3,460,863	3,454,208
Total equity	2,295,724	2,270,806
Total liabilities	1,165,139	1,183,402
Total equity and liabilities	3,460,863	3,454,208

The Group’s total assets increased by RM6.6 million mainly due to the net gain from insurance proceeds receivable in relation to Naga 7 incident and offset with lower deposits, cash and bank balances by RM104.8 million.

Total equity increased by RM24.9 million mainly due to the net gain from insurance proceeds receivable in relation to Naga 7 incident.

Total liabilities reduced by RM18.3 million mainly due to reduction in borrowings by RM32.2 million and lower trade payables by RM7.8 million.

Other than the above, there has been 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 2020.

NOTE 17 – Current Prospect

Drilling Services Segment

The spread of delta variant and the resulting higher infection rates worldwide have resulted in a slower economic recovery globally, and in some countries even a worsening economic outlook. The earlier promising outlook on oil price has been dampened by recent developments as a number of negative factors have emerged. These include an increase in supply due to the gradual release of production quota by OPEC+ and an increase in US oil productions. This is further exacerbated by the strengthening of the dollar due to the decision by US Federal Reserve to reduce stimulus, resulting in further pressure on the oil price. The benchmark Brent oil price has declined from around US\$75 per barrel at the beginning of August to about US\$70 per barrel recently. However, at present the oil price remains well above the US\$51 per barrel seen at the beginning of the year.

Despite the challenges, the upstream activities are continuing globally with contracts continuously being awarded. In Malaysia, a number of new contracts have been awarded and the Group managed to secure some of these contracts. The Group is also actively bidding for new tenders for contracts scheduled to commence this year and next year.

Currently, three of the Group's six available jack-up drilling rigs are working. Another two rigs are scheduled to commence mobilisation in September. The only remaining rig is being tendered out for a number of potential contracts.

Survey works for the submerged Naga 7 is in progress and the plans for the salvage operations will be finalised after the completion of the survey report. However, the rig has been declared as a total loss and compensation from the insurers has been agreed upon.

Oilfield Services Segment

The Group has secured a contract for its Hydraulic Workover Unit (HWU) in offshore Vietnam, which mobilisation is currently in progress. This will position the Group back in the country, which have been one of the major markets for the Group in the past. The Group is currently bidding for a number of available contracts, both locally and overseas.

A gradual demand recovery is also seen for the oilfield services operation in China with the Group's subsidiary there securing a number of new contracts.

Group

The slower than anticipated pace of recovery in the global economy as well as in the oil and gas industry necessitates the Board to remain cautious. The Board is of the view that the financial performance for 2021 will continue to be challenging.

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

	2nd Quarter ended 30/06/2021 RM'000	Six Months ended 30/6/2021 RM'000
Taxation for current period	3,680	3,867
Taxation for prior year	862	862
Total	4,542	4,729

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 RM3.7 million and RM3.9 million for the current quarter and period ended 30 June 2021, respectively while RM0.9 million relates to an under provision for prior year.

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

	USD'000 borrowings	RM'000 equivalent
Short term borrowings		
- Secured		
Revolving credit	20,000	83,140
Term loans payable within 12 months	29,775	123,774
Less: Transaction cost	-	(3,468)
	<u>49,775</u>	<u>203,446</u>
Long term borrowings		
- Secured		
Long term loan	228,225	948,731
Term loans payable within 12 months	(29,775)	(123,774)
Less: Transaction cost	-	(6,777)
	<u>198,450</u>	<u>818,180</u>
Total	<u>248,225</u>	<u>1,021,626</u>

Movements of Borrowings	Revolving Credit RM '000	Short Term Borrowings RM '000	Long Term Borrowings RM '000	Total RM '000
At 1 January 2021	80,620	102,043	871,139	1,053,802
Unamortised transaction costs	-	3,367	8,112	11,479
Gross Borrowings at 1 January 2021	<u>80,620</u>	<u>105,410</u>	<u>879,251</u>	<u>1,065,281</u>
Effect of changes in foreign exchange rate	2,520	3,294	27,484	33,298
Repayment	-	(54,352)	(12,356)	(66,708)
	<u>83,140</u>	<u>54,352</u>	<u>894,379</u>	<u>1,031,871</u>
Unamortised transaction costs	-	(3,468)	(6,777)	(10,245)
Amount payable within 12 months	-	69,422	(69,422)	-
At 30 June 2021	<u>83,140</u>	<u>120,306</u>	<u>818,180</u>	<u>1,021,626</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, Makati Court has decided the arbitral award dated 12 July 2018 issued by Singapore International Arbitration Centre in favour of VED be recognized and enforced. With execution to enforce the award in Philippines, the Company will make further announcement on material development on this matter from time to time.

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

NOTE 24 – Dividend

No dividend has been recommended for the period ended 30 June 2021.

NOTE 25 – Earnings Per Share

	2nd Quarter Ended 30/06/2021	2nd Quarter Ended 30/06/2020	(Unaudited) Financial Period Ended 30/06/2021	(Unaudited) Financial Period Ended 30/06/2020
Profit / (Loss) For The Period Attributable To:				
Equity Holders Of The Company (RM'000)	16,267	(15,249)	(44,207)	1,076
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 (Sen)	0.20	(0.19)	(0.54)	0.01
- Diluted (Sen)	0.20	(0.19)	(0.54)	0.01

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 26 – Audit Qualification

The audit report in respect of the annual financial statements of the Company for the financial year ended 31 December 2020 was not qualified.

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

	2nd Quarter ended 30/06/2021 RM'000	Six Months ended 30/6/2021 RM'000
(a) Interest income	170	818
(b) Other investment Income	491	991
(c) Depreciation and amortisation	(39,046)	(80,235)
(d) Net foreign exchange gain/(loss)	180	(4,350)

By Order Of The Board

LEE MI RYOUNG
Secretary
(MAICSA 7058423)

SAZLYNA SAPIEE
Joint Secretary
(MIA 19254)

Kuala Lumpur
25 August 2021