VELESTO ENERGY BERHAD

(COMPANY NO : 200901035667)
(INCORPORATED IN MALAYSIA)

Unaudited Condensed Consolidated Statement Of Comprehensive Income
For The Second Quarter Ended 30 June 2020

	Quarter Ended 30/06/2020 RM'000	Quarter Ended 30/06/2019 RM'000	(Unaudited) Financial Period Ended 30/06/2020 RM'000	(Unaudited) Financial Period Ended 30/06/2019 RM'000
Continuing Operations				
Revenue	140,947	157,052	317,216	284,081
Operating Expenses	(139,040)	(123,572)	(280,071)	(249,250)
Other Operating Income	14	178	47	672
Profit From Operations	1,921	33,658	37,192	35,503
Finance Costs	(17,584)	(23,797)	(37,097)	(47,560)
Share Of Results Of Associated Company	58	62	102	117
Investment Income	2,074	1,766	4,004	4,014
(Loss) / Profit Before Tax From Continuing Operations	(13,531)	11,689	4,201	(7,926)
Taxation	(1,718)	76	(3,125)	(2,536)
(Loss) / Profit From Continuing Operations, Net Of Tax	(15,249)	11,765	1,076	(10,462)
Other Comprehensive (Loss) / Income:				
Foreign Currency Translation	(24,290)	39,206	128,883	(6,059)
Other Comprehensive (Loss) / Income, Net Of Tax	(24,290)	39,206	128,883	(6,059)
Total Comprehensive (Loss) / Income For The Period	(39,539)	50,971	129,959	(16,521)
(Loss) / Profit For The Period Attributable To:				
Equity Holders Of The Company	(15,249)	11,913	1,076	(10,306)
Non-controlling Interests	-	(148)	-	(156)
	(15,249)	11,765	1,076	(10,462)
Total Comprehensive (Loss) / Income Attributable To:				
Equity Holders Of The Company	(39,528)	50,956	129,916	(16,401)
Non-controlling Interests	(11)	15	43	(120)
	(39,539)	50,971	129,959	(16,521)
(Loss) / Earnings Per Share Attributable To Equity Holders Of The Company:				
Basic (Sen)	(0.19)	0.15	0.01	(0.13)
Diluted (Sen)	(0.19)	0.15	0.01	(0.13)

(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 2019)

VELESTO ENERGY BERHAD
Unaudited Condensed Consolidated Statement Of Financial Position

	(Unaudited) As At 30/06/2020 RM'000	(Audited) As At 31/12/2019 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	3,480,883	3,410,616
Right-of-use Assets	11,087	13,240
Investment In Associate	2,087	1,984
	3,494,057	3,425,840
Current Assets		
Inventories	214,288	187,439
Other Investments	266,207	119,988
Trade Receivables	169,728	272,447
Other Receivables	19,316	19,693
Deposits, Cash & Bank Balances	190,419	239,983
	859,958	839,550
TOTAL ASSETS	4,354,015	4,265,390
EQUITY AND LIABILITIES		
Equity Attributable To The Equity Holders Of The Company		
Share Capital	4,054,817	4,054,817
Capital Contribution - ESOS	5,828	3,905
Warrant Reserve	211,876	211,876
Other Reserves	806,896	678,056
Accumulated Losses	(2,145,362)	(2,146,438)
	2,934,055	2,802,216
Non-controlling Interests	1,303	1,260
TOTAL EQUITY	2,935,358	2,803,476
Non-Current Liabilities		
Long Term Borrowings	980,848	990,592
Lease Liabilities	6,462	8,082
	987,310	998,674
Current Liabilities		
Taxation	6,141	5,435
Short Term Borrowings	297,795	302,660
Lease Liabilities	3,142	3,905
Trade Payables	102,381	119,366
Other Payables	21,888	31,874
	431,347	463,240
TOTAL LIABILITIES	1,418,657	1,461,914
TOTAL EQUITY AND LIABILITIES	4,354,015	4,265,390
Net Assets Per Share (RM)	**0.3571**	**0.3411**

(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 2019)

VELESTO ENERGY BERHAD

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

	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 RM'000	Non - Controlling Interests RM'000	Total Equity RM'000
(UNAUDITED)										
6 MONTHS ENDED 30 JUNE 2020										
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

Unaudited Condensed Consolidated Statement Of Changes In Equity For The Period Ended 30 June 2019

	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 RM'000	Non - Controlling Interests RM'000	Total Equity RM'000
(UNAUDITED)										
6 MONTHS ENDED 30 JUNE 2019										
At 1 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
Total Comprehensive Loss	-	-	-	-	(6,095)	-	(10,306)	(16,401)	(120)	(16,521)
At 30 June 2019	4,054,817	3,187	211,876	698	621,810	78,145	(2,189,962)	2,780,571	1,410	2,781,981

(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 2019)

VELESTO ENERGY BERHAD

Unaudited Condensed Consolidated Statement Of Cash Flows
For The Period Ended 30 June 2020

	(Unaudited) 6 Months Ended 30/06/2020 RM'000	(Unaudited) 6 Months Ended 30/06/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Tax	4,201	(7,926)
Adjustments For:		
Depreciation & Amortisation	120,181	94,048
Interest Expense	37,097	47,560
Share Of Results Of Associated Company	(102)	(117)
Investment Income	(4,004)	(4,014)
Net Gain On Disposal Of Property, Plant & Equipment	-	(58)
Net Unrealised Foreign Exchange Loss / (Gain)	10,076	(265)
Net Fair Value Loss / (Gain) On Money Market Fund	135	(340)
Share Options Granted Under ESOS	1,923	-
Operating Profit Before Working Capital Changes	169,507	128,888
Decrease / (Increase) In Receivables	118,191	(23,859)
Increase In Inventories	(19,013)	(4,165)
(Decrease) / Increase In Payables	(30,223)	6,614
Cash Generated From Operating Activities	238,462	107,478
Interest Paid	(33,965)	(43,628)
Taxes Paid	(4,095)	(809)
Net Cash Generated From Operating Activities	200,402	63,041
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase Of Property, Plant & Equipment	(38,700)	(42,756)
Proceeds From Disposal Of Property, Plant & Equipment	-	154
Interest Received	4,004	4,014
Dividend Received From Associate	-	328
Net (Placement) / Withdrawal Of Investments In Money Market Fund	(144,648)	50,175
Net Cash (Used In) / Generated From Investing Activities	(179,344)	11,915
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Movement In Short Term Borrowings	(76,050)	207,150
Repayment Of Long Term Borrowings	-	(299,253)
Payment Of Lease Liabilities	(2,664)	(2,255)
Placement Of Restricted Cash Deposits In Licensed Bank	(2,143)	(23,707)
Net Cash Used In Financing Activities	(80,857)	(118,065)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(59,799)	(43,109)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	168,279	187,437
EFFECTS OF EXCHANGE RATE CHANGES	8,092	(78)
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	116,572	144,250
Cash and Cash Equivalents comprise:		
Deposits, Cash & Bank Balances	190,419	215,549
Less: Restricted cash	(73,847)	(71,299)
	116,572	144,250

(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 2019)

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 2019, except for the adoption of the following MFRS/Amendments/Interpretations effective on or after 1 January 2020:

a) Amendments to MFRS 3: Business Combinations (Definition of a Business)
b) Amendments to MFRS 7: Financial Instruments - Disclosure (Interest Rate Benchmark Reform)
c) Amendments to MFRS 9: Financial Instruments (Interest Rate Benchmark Reform)
d) Amendments to MFRS 101: Presentation of Financial Statements (Definition of Material)
e) Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
f) Amendments to MFRS 16: Leases (Covid-19-Related Rent Concessions)
g) Amendments to MFRS 139: Financial Instruments: Recognition and Measurement (Interest Rate Benchmark Reform)

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:

- MFRS 17, Insurance Contracts (effective 1 January 2021)
- Amendments to MFRS 3: Business Combinations - Reference to the Conceptual Framework (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)
- Amendments to MFRS 101: Presentation of Financial Statements, Classification of Liabilities as Current or Non-current (effective 1 January 2023)
- Annual Improvements to MFRS Standards 2018 – 2020: MFRS 9, Financial Instruments (effective 1 January 2022)
- Annual Improvements to MFRS Standards 2018 – 2020: MFRS 16, Leases
- 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 cyclicality 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 2020.

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 period under review.

NOTE 6 – Dividends Paid

There were no dividends paid during the financial period ended 30 June 2020.

NOTE 7 – Segmental Reporting

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	416	(11,562)	(12,526)
Inter-segment	(165)	-	-
Consolidated Total	**317,216**	**4,201**	**1,076**

Financial Period Ended 30 June 2019

Business Segment	Revenue RM'000	Profit / (Loss) Before Tax RM'000	Profit / (Loss) Attributable to Owners of the Company RM'000
Drilling Services	274,221	8,525	6,394
Oilfield Services	9,593	(4,225)	(4,389)
Others	1,951	(12,226)	(12,311)
Inter-segment	(1,684)	-	-
Consolidated Total	**284,081**	**(7,926)**	**(10,306)**

With effect from 1 January 2020, the Group has changed its business segments by combining workover and oilfield services together as Oilfield Services segment. Workover services was previously reported under the Drilling Services segment in the comparative report.

Comparative results have been restated as per new business segments in this report.

Other than the above, there has been no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last quarterly report.

NOTE 8 – Subsequent Material Events

There has been no material event or transaction during the period from 30 June 2020 to the date of this announcement, which substantially affects the results of the Group for the financial period ended 30 June 2020.

NOTE 9 – Changes in Composition / Group

There were no other changes in the composition of the Group during the financial period ended 30 June 2020.

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	37,889	
Others	592	38,481
Approved but not contracted for:		
Land and buildings	1,003	
Equipment, plant and machinery	46,605	
Others	18,114	65,722
Total		104,203

NOTE 11 - Significant Related Party Transactions

There were no significant related party transactions for the financial period ended 30 June 2020.

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 2020.

NOTE 14 – Review of Performance

Performance of Current Quarter Against the Quarter Ended 30 June 2019 ("corresponding quarter")

	Revenue		Profit / (Loss) Before Tax	
	2nd Quarter ended 30/6/2020 RM'000	2nd Quarter ended 30/6/2019 RM'000	2nd Quarter ended 30/6/2020 RM'000	2nd Quarter ended 30/6/2019 RM'000
Business Segment				
Drilling Services	137,911	149,637	(7,717)	18,085
Oilfield Services	2,982	7,237	(494)	(521)
Others	54	178	(5,320)	(5,875)
Total	**140,947**	**157,052**	**(13,531)**	**11,689**

Group

Group revenue of RM140.9 million was 10.3% lower than the corresponding quarter's revenue of RM157.1 million, mainly due to lower performance in both Drilling and Oilfield Services segment.

Consequently, the Group reported a loss before tax of RM13.5 million in the current quarter, which includes RM10.9 million additional expenses incurred in relation to the COVID-19 pandemic.

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

Drilling Services Segment

Drilling Services segment registered a 7.8% decrease in revenue to RM137.9 million in current quarter, mainly due to lower average jack-up rig utilisation of 67% as compared to 74% in the corresponding quarter.

As a result of the above and coupled with higher depreciation of RM13.4 million and forex loss of RM8.4 million in current quarter, the Drilling Services segment registered a loss before tax of RM7.7 million against the profit before tax of RM18.1 million reported in the corresponding quarter.

Oilfield Services Segment

The Oilfield Services segment recorded a 58.8% decline in revenue to RM3.0 million in current quarter. This was mainly due to lower revenue from workover services resulted from lower utilisation of hydraulic workover units in the current quarter.

Despite lower revenue, the Oilfield Services segment recorded comparable loss before tax of RM0.5 million mainly due to lower overheads spent in the current quarter.

Others Segment

Others segment recorded a lower loss before tax of RM5.3 million in the current quarter, mainly due to lower overheads spent in the current quarter.

NOTE 14 – Review of Performance (continued)

Performance of Current Period Against the Financial Period Ended 30 June 2019 ("corresponding period")

	Revenue		Profit / (Loss) Before Tax	
	Financial period ended 30/6/2020 RM'000	**Financial period ended 30/6/2019 RM'000**	**Financial period ended 30/6/2020 RM'000**	**Financial period ended 30/6/2019 RM'000**
Business Segment				
Drilling Services	312,136	274,221	18,822	8,525
Oilfield Services	4,829	9,593	(3,059)	(4,225)
Others	251	267	(11,562)	(12,226)
Total	**317,216**	**284,081**	**4,201**	**(7,926)**

Group

Group revenue of RM317.2 million was 11.7% higher than the corresponding period's revenue of RM284.1 million, mainly due to improved performance in the Drilling Services segment.

Due to the recent COVID-19 pandemic, the Group incurred additional expenses amounting to RM11.0 million in the current period.

The Group reported a turnaround result; from a loss before tax of RM7.9 million in the corresponding period to a profit before tax of RM4.2 million, a significant improvement of RM12.1 million.

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

Drilling Services Segment

Drilling Services segment registered a 13.8% increase in revenue to RM312.1 million in current period, mainly due to higher average jack-up rig utilisation of 75% as compared to 70% in the corresponding period.

As a result, the Drilling Services segment registered a significant higher profit before tax of RM18.8 million against RM8.5 million profit before tax reported in the corresponding period.

Oilfield Services Segment

The Oilfield Services segment recorded a lower revenue of RM4.8 million as compared to corresponding period's revenue of RM9.6 million. This was mainly due to lower revenue from workover services resulted from lower utilisation of hydraulic workover units in the current period.

Despite lower revenue, the Oilfield Services segment recorded a lower loss before tax of RM3.1 million against RM4.2 million loss before tax in the corresponding period. This was mainly due to the recognition of losses incurred from local oilfield operations in the corresponding period.

Others Segment

Others segment recorded a lower loss before tax of RM11.6 million, mainly due to lower overheads spent in the current period.

NOTE 15 – Comparison with Preceding Quarter's Results

	Revenue		Profit / (Loss) Before Tax	
	2nd Quarter ended 30/6/2020 RM'000	1st Quarter ended 31/3/2020 RM'000	2nd Quarter ended 30/6/2020 RM'000	1st Quarter ended 31/3/2020 RM'000
Business Segment				
Drilling Services	137,911	174,225	(7,717)	26,539
Oilfield Services	2,982	1,847	(494)	(2,565)
Others	54	197	(5,320)	(6,242)
Total	**140,947**	**176,269**	**(13,531)**	**17,732**

The Group's revenue of RM140.9 million was 20.0% lower than the preceding quarter's revenue of RM176.3 million. This was mainly due to lower revenue from Drilling Services as a result of lower average jack-up rig utilisation of 67% as compared to 84% in the preceding quarter.

Consequently, the Group posted a loss before tax of RM13.5 million as compared to a profit before tax of RM17.7 million in the preceding quarter. The current quarter loss before tax was also impacted by forex loss of RM8.4 million and additional expenses incurred in relation to the COVID-19 pandemic of RM10.9 million.

NOTE 16 – Review of Consolidated Statement of Financial Position

	As at 30/6/2020 RM'000	As at 31/12/2019 RM'000
Total assets	4,354,015	4,265,390
Total equity	2,935,358	2,803,476
Total liabilities	1,418,657	1,461,914
Total equity and liabilities	4,354,015	4,265,390

The Group's total assets increased by RM88.6 million or 2.1% mainly due to the increase in property, plant and equipment during the period.

Total liabilities reduced by RM43.2 million mainly due to reduction in payables and borrowings amounting to RM27.0 million and RM14.6 million respectively during the period.

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 2019.

NOTE 17 – Current Prospect

Drilling Services Segment

The impact of COVID-19 continues to suppress global oil and gas demand causing continued lower oil price. The benchmark Brent crude is hovering around USD45 per barrel and it is not expected to recover significantly in the near future. The uncertainty in the recovery of the oil price is causing most oil companies to delay the decision on exploration and development activities.

Many oil companies globally including PETRONAS have reduced both capital and operational expenses to conserve fund. This has resulted in reduced activities including in the drilling sector. In Malaysia, a number of existing drilling contracts are not extended and options are not exercised, resulting in lesser drilling activities.

Currently, only five of the Group's seven jack-up drilling rigs are working with some contracts expiring in the next few months. At present, there is a small number of new short term contracts being awarded domestically and globally, and we will continue to tender and negotiate for new contracts.

Oilfield Services Segment

All the hydraulic workover units of the Group are currently idle. The demand for workover and plug and abandonment activities are soft due to the weak market environment.

The Group's oilfield services operation in China is seeing a gradual recovery in demand. The viability of this subsidiary will be continuously monitored and evaluated.

Group

In view of the continuing uncertainty in the global economy and the demand for oil and gas, the Board is of the opinion that the financial performance for the year will be adversely impacted and weaker than 2019.

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 30/6/2020 RM'000	Six Months ended 30/6/2020 RM'000
Taxation for current period	1,718	3,125
Deferred taxation	-	-
Total	1,718	3,125

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 RM1,718,000 and RM3,125,000 for the current quarter and period ended 30 June 2020, respectively.

NOTE 21 – Corporate Proposals

As at the latest practicable date, the issued share capital of the Company is RM4,054,817,171 comprising 8,215,600,000 ordinary shares of the Company. The credit of RM2,210,000,000 arising from the Proposed Share Capital Reduction will be used to eliminate the accumulated losses of the Company. The surplus after such elimination, if any, will be utilised in such manner as the Board may deem fit and as permitted by the relevant and applicable laws and the Constitution of the Company.

The shareholders of the Company had on 29 June 2020 approved the Proposed Share Capital Reduction, which entails the reduction and cancellation of RM2,210,000,000 of its issued share capital pursuant to Section 116 of the Companies Act, 2016 ("Act") ("Proposed Share Capital Reduction"). An order by the Court will be sought to approve the Proposed Share Capital Reduction.

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

NOTE 22 – Group Borrowings and Debt Securities

	USD'000 borrowings	**RM'000 equivalent**
Short term borrowings		
- Secured		
Revolving credit	44,737	191,832
Term loans payable within 12 months	26,150	112,131
Less: Transaction cost		(6,168)
	70,887	297,795
Long term borrowings		
- Secured		
Long term loan	257,347	1,103,504
Term loans payable within 12 months	(26,150)	(112,131)
Less: Transaction cost		(10,525)
	231,197	980,848
Total	302,084	1,278,643

Movements of Borrowings	**Revolving Credit RM '000**	**Short Term Borrowings RM '000**	**Long Term Borrowings RM '000**	**Total RM '000**
At 1 January 2020	205,050	97,610	990,592	1,293,252
Unamortised transaction costs	-	9,631	11,168	20,799
Gross Borrowings at 1 January 2020	205,050	107,241	1,001,760	1,314,051
Effect of changes in foreign exchange rate	6,766	4,890	45,679	57,335
Drawdown	30,016	-	-	30,016
Repayment	(50,000)	(56,066)	-	(106,066)
	191,832	56,065	1,047,439	1,295,336
Unamortised transaction costs	-	(6,168)	(10,525)	(16,693)
Amount payable within 12 months	-	56,066	(56,066)	-
At 30 June 2020	191,832	105,963	980,848	1,278,643

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 11 December 2019, the Makati Court had granted VED's application for clarification and confidential treatment of information in the Petition for publication. The Petition was published in Philippines on 3 February 2020.

With quarantine order to curb the COVID-19 pandemic declared in certain regions in Phillippines, hearings have been suspended and will be rescheduled after the quarantine has been lifted.

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 2020.

NOTE 25 – Earnings Per Share

	Quarter Ended 30/6/2020	Quarter Ended 30/6/2019	(Unaudited) Financial Period Ended 30/6/2020	(Unaudited) Financial Period Ended 30/6/2019
Profit / (Loss) For The Period Attributable To:				
Equity Holders Of The Company (RM'000)	(15,249)	11,913	1,076	(10,306)
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)	(0.19)	0.15	0.01	(0.13)
- Diluted (Sen)	(0.19)	0.15	0.01	(0.13)

109,020,000 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 2019 was not qualified.

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

	2nd Quarter ended 30/6/2020 RM'000	Six Months ended 30/6/2020 RM'000
(a) Interest income	1,167	2,299
(b) Other investment Income	907	1,705
(c) Depreciation and amortisation	(59,359)	(120,181)
(d) Net foreign exchange gain/(loss)	(6,913)	(10,977)

By Order Of The Board

LEE MI RYOUNG
Secretary
(MAICSA 7058423)

Kuala Lumpur
25 August 2020