

# VELESTO ENERGY BERHAD

(COMPANY NO : 200901035667)

(INCORPORATED IN MALAYSIA)

## Unaudited Condensed Consolidated Statement Of Comprehensive Income For The First Quarter Ended 31 March 2022

	Quarter Ended 31/03/2022 RM'000	Quarter Ended 31/03/2021 RM'000	(Unaudited) Quarter Ended 31/03/2022 RM'000	(Unaudited) Quarter Ended 31/03/2021 RM'000
<b><u>Continuing Operations</u></b>				
Revenue	77,409	43,927	77,409	43,927
Operating Expenses	(118,743)	(94,654)	(118,743)	(94,654)
Other Operating Income	141	55	141	55
<b>Loss From Operations</b>	<b>(41,193)</b>	<b>(50,672)</b>	<b>(41,193)</b>	<b>(50,672)</b>
Finance Costs	(5,096)	(10,807)	(5,096)	(10,807)
Share Of Results Of Associated Company	39	44	39	44
Investment Income	472	1,148	472	1,148
<b>Loss Before Tax From Continuing Operations</b>	<b>(45,778)</b>	<b>(60,287)</b>	<b>(45,778)</b>	<b>(60,287)</b>
Taxation	(421)	(187)	(421)	(187)
<b>Loss From Continuing Operations, Net Of Tax</b>	<b>(46,199)</b>	<b>(60,474)</b>	<b>(46,199)</b>	<b>(60,474)</b>
<b><u>Other Comprehensive (Loss) / Income:</u></b>				
Foreign Currency Translation	15,091	65,330	15,091	65,330
Other Comprehensive Income, Net Of Tax	15,091	65,330	15,091	65,330
<b>Total Comprehensive (Loss) / Income For The Period</b>	<b>(31,108)</b>	<b>4,856</b>	<b>(31,108)</b>	<b>4,856</b>
<b><u>Loss For The Period Attributable To:</u></b>				
Equity Holders Of The Company	(46,199)	(60,474)	(46,199)	(60,474)
<b><u>Total Comprehensive (Loss) / Income Attributable To:</u></b>				
Equity Holders Of The Company	(31,108)	4,847	(31,108)	4,847
Non-controlling Interests	-	9	-	9
	<b>(31,108)</b>	<b>4,856</b>	<b>(31,108)</b>	<b>4,856</b>
<b><u>Loss Per Share Attributable To Equity Holders Of The Company:</u></b>				
Basic (Sen)	(0.56)	(0.74)	(0.56)	(0.74)
Diluted (Sen)	(0.56)	(0.74)	(0.56)	(0.74)

(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 2021)

**VELESTO ENERGY BERHAD**  
**Unaudited Condensed Consolidated Statement Of Financial Position**

	<b>(Unaudited)</b> <b>As At</b> <b>31/03/2022</b> <b>RM'000</b>	<b>(Audited)</b> <b>As At</b> <b>31/12/2021</b> <b>RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	2,283,960	2,294,319
Right-of-use Assets	8,516	8,899
Investment In Associate	1,115	1,077
	2,293,591	2,304,295
<b>Current Assets</b>		
Inventories	177,586	173,518
Other Investments	-	22,531
Trade Receivables	141,095	177,579
Other Receivables	19,399	34,571
Deposits, Cash & Bank Balances	296,737	293,512
	634,817	701,711
<b>TOTAL ASSETS</b>	<b>2,928,408</b>	<b>3,006,006</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable To The Equity Holders Of The Company</b>		
Share Capital	1,844,817	1,844,817
Capital Contribution - ESOS	11,246	10,842
Warrant Reserve	211,876	211,876
Other Reserves	724,652	709,561
Accumulated Losses	(565,193)	(518,994)
<b>TOTAL EQUITY</b>	<b>2,227,398</b>	<b>2,258,102</b>
<b>Non-Current Liabilities</b>		
Long Term Borrowings	291,259	302,110
Lease Liabilities	4,790	4,928
	296,049	307,038
<b>Current Liabilities</b>		
Taxation	4,334	3,863
Short Term Borrowings	281,468	279,916
Lease Liabilities	2,554	2,742
Trade Payables	61,322	95,216
Other Payables	55,283	59,129
	404,961	440,866
<b>TOTAL LIABILITIES</b>	<b>701,010</b>	<b>747,904</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,928,408</b>	<b>3,006,006</b>
<b>Net Assets Per Share (RM)</b>	<b>0.2711</b>	<b>0.2749</b>

(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 2021)

## VELESTO ENERGY BERHAD

### Unaudited Condensed Consolidated Statement Of Changes In Equity For The Quarter Ended 31 March 2022

	← Non - Distributable →					Gain On Derecognition of Financial Liabilities		Distributable		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	RM'000	RM'000	Accumulated Losses RM'000	Total RM'000		Non - Controlling Interests RM'000
At 1 January 2022	1,844,817	10,842	211,876	698	630,718		78,145	(518,994)	2,258,102	-	2,258,102
Transactions With Owners:											
Share options granted under Employees' Share Option Scheme ("ESOS")	-	404	-	-	-		-	-	404	-	404
Total Comprehensive Income / (Loss)	-	-	-	-	15,091		-	(46,199)	(31,108)	-	(31,108)
At 31 March 2022	1,844,817	11,246	211,876	698	645,809		78,145	(565,193)	2,227,398	-	2,227,398

### Unaudited Condensed Consolidated Statement Of Changes In Equity For The Quarter Ended 31 March 2021

	← Non - Distributable →					Gain On Derecognition of Financial Liabilities		Distributable		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	RM'000	RM'000	Accumulated Losses RM'000	Total RM'000		Non - Controlling Interests 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")	-	1,139	-	-	-		-	-	1,139	-	1,139
Total Comprehensive Loss	-	-	-	-	65,321		-	(60,474)	4,847	9	4,856
At 31 March 2021	1,844,817	8,664	211,876	698	620,025		78,145	(488,644)	2,275,581	1,220	2,276,801

(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 2021)

**VELESTO ENERGY BERHAD**  
**Unaudited Condensed Consolidated Statement Of Cash Flows**  
**For The Quarter Ended 31 March 2022**

	<b>(Unaudited)</b> <b>3 Months</b> <b>Ended</b> <b>31/03/2022</b> <b>RM'000</b>	<b>(Unaudited)</b> <b>3 Months</b> <b>Ended</b> <b>31/03/2021</b> <b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss Before Tax	(45,778)	(60,287)
Adjustments For:		
Depreciation & Amortisation	35,643	41,189
Asset Written Off	(74)	-
Interest Expense	5,096	10,807
Share Of Results Of Associated Company	(39)	(44)
Investment Income	(472)	(1,148)
Provision For Unutilised Leave	3	-
Net Unrealised Foreign Exchange Loss	2,598	7,233
Net Fair Value Loss / (Gain) On Money Market Fund	1	(177)
Share Options Granted Under ESOS	404	1,138
Operating Profit Before Working Capital Changes	(2,618)	(1,289)
Decrease In Receivables	51,331	65,845
Increase In Inventories	(2,967)	(96)
Decrease In Payables	(41,937)	(14,924)
Cash Generated From Operating Activities	3,809	49,536
Interest Paid	(4,714)	(9,700)
Net Taxes Recoverable / (Paid)	1,899	(10,403)
Net Cash Generated From Operating Activities	994	29,433
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase Of Property, Plant & Equipment	(8,535)	(19,074)
Interest Received	472	1,148
Net Withdrawal / (Placement) Of Investments In Money Market Fund	22,539	(25,392)
Net Cash Generated From / (Used In) Investing Activities	14,476	(43,318)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Movement In Short Term Borrowings	-	(27,170)
Repayment Of Long Term Borrowings	(13,035)	-
Payment Of Lease Liabilities	(912)	(2,982)
Net Movement In Restricted Cash Deposits In Licensed Bank	559	(834)
Net Cash Used In Financing Activities	(13,388)	(30,986)
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>	2,082	(44,871)
<b>CASH AND CASH EQUIVALENTS AS AT 1 JANUARY</b>	290,576	203,331
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	1,702	6,253
<b>CASH AND CASH EQUIVALENTS AS AT 31 MARCH</b>	294,360	164,713
<b>Cash and Cash Equivalents comprise:</b>		
Deposits, Cash & Bank Balances	296,737	223,450
Less: Restricted Cash	(2,377)	(58,737)
	294,360	164,713

(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 2021)

## **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 2021 except for the adoption of the following MFRS/Amendments/Interpretations effective on or after 1 January 2022:

- Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards - Annual Improvements to MFRS Standards 2018-2020
- Amendments to MFRS 3: Business Combinations - Reference to the Conceptual Framework
- Amendments to MFRS 9 Financial Instruments - Annual Improvements to MFRS Standards 2018-2020
- Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract
- Amendments to MFRS 141 Agriculture - Annual Improvements to MFRS Standards 2018-2020

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 2023)
- Amendments to MFRS 101: Presentation of Financial Statements - Classification of Liabilities as Current or Non-current (effective 1 January 2023)
- Amendments to MFRS 101: Presentation of Financial Statements - Disclosure of Accounting Policies (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 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
- (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 cyclicalities 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 31 March 2022.

## **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 31 March 2022.

## NOTE 7 – Segmental Reporting

### Quarter Ended 31 March 2022

<b>Business Segment</b>	<b>Revenue RM'000</b>	<b>(Loss) / Profit Before Tax RM'000</b>	<b>(Loss) / Profit Attributable to Owners of the Company RM'000</b>
Drilling Services	74,193	(35,954)	(36,261)
Workover Services	319	(2,129)	(2,129)
Oilfield Services	2,327	406	293
Others (include corporate expenses)	758	(8,101)	(8,102)
Inter-segment	(188)	-	-
<b>Consolidated Total</b>	<b>77,409</b>	<b>(45,778)</b>	<b>(46,199)</b>

### Quarter Ended 31 March 2021

<b>Business Segment</b>	<b>Revenue RM'000</b>	<b>(Loss) / Profit Before Tax RM'000</b>	<b>(Loss) / Profit Attributable to Owners of the Company RM'000</b>
Drilling Services	40,771	(48,919)	(49,039)
Workover Services	116	(1,845)	(1,845)
Oilfield Services	2,835	465	400
Others (include corporate expenses)	498	(9,988)	(9,990)
Inter-segment	(293)	-	-
<b>Consolidated Total</b>	<b>43,927</b>	<b>(60,287)</b>	<b>(60,474)</b>

With effect from 1<sup>st</sup> January 2022, The Group has changed its business segments by segregating Workover Services from Oilfield Services segment. Workover services was previously reported under the Oilfield Services segment in the last quarterly report.

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

Other than the above, there has been no material change in total assets and 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 31 March 2022 to the date of this announcement, which substantially affects the results of the Group for the financial period ended 31 March 2022.

## NOTE 9 – Changes in the Group Composition

There were no changes in the composition of the Group during the financial period ended 31 March 2022.

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

The capital commitments are in respect of the following:

	<b>RM'000</b>	<b>RM'000</b>
<b>Approved and contracted for:</b>		
Equipment, plant and machinery	18,052	
Others	<u>7,502</u>	25,554
<b>Approved but not contracted for:</b>		
Equipment, plant and machinery	130,757	
Others	<u>12,173</u>	<u>142,930</u>
<b>Total</b>		<u><u>168,484</u></u>

#### **NOTE 11 - Significant Related Party Transactions**

There were no significant related party transactions for the financial period ended 31 March 2022.

#### **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 31 March 2022.

## NOTE 14 – Review of Performance

### Performance of Current Quarter Against the Quarter Ended 31 March 2021 (“corresponding quarter”)

	Revenue		(Loss) / Profit Before Tax	
	1st Quarter ended 31/03/2022 RM'000	1st Quarter ended 31/03/2021 RM'000	1st Quarter ended 31/03/2022 RM'000	1st Quarter ended 31/03/2021 RM'000
<b>Business Segment</b>				
Drilling Services	74,193	40,771	(35,954)	(48,919)
Workover Services	319	116	(2,129)	(1,845)
Oilfield Services	2,327	2,835	406	465
Others (include corporate expenses)	570	205	(8,101)	(9,988)
<b>Total</b>	<b>77,409</b>	<b>43,927</b>	<b>(45,778)</b>	<b>(60,287)</b>

### Group

Group revenue of RM77.4 million was 76.2% higher than the corresponding quarter's revenue of RM43.9 million, mainly due to higher activities in Drilling segment during the quarter.

Consequently, the Group reported lower loss before tax of RM45.8 million in the current quarter against corresponding quarter's loss before tax of RM60.3 million.

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

### Drilling Services Segment

Drilling Services segment recorded 82.0% increase in revenue to RM74.2 million in current quarter, mainly due to higher average jack-up rig utilisation of 39% (based on 6 rigs capacity) as compared to 28% (based on 7 rigs capacity) in the corresponding quarter.

As a result of the above, the Drilling Services segment registered a lower loss before tax of RM36.0 million as compared to RM48.9 million loss before tax reported in the corresponding quarter.

### Workover Services Segment

The Workover Services segment recorded higher revenue of RM0.3 million in the current quarter as compared to RM0.1 million in the corresponding quarter, mainly from the recognition of demobilisation fee under PVD contract (GAIT 5).

Despite the higher revenue, the Workover Services segment recorded higher loss before tax of RM2.1 million against RM1.8 million loss reported in the corresponding quarter mainly due to the preparation cost incurred to undertake upcoming project in the current quarter.

### Oilfield Services Segment

The Oilfield Services segment recorded lower revenue of RM2.3 million in the current quarter as compared to RM2.8 million in the corresponding quarter, mainly from our overseas operation in Tianjin.

However, the current quarter's profit before tax of RM0.4 million is comparable against corresponding quarter.

#### NOTE 14 – Review of Performance (continued)

##### Others Segment (include corporate expenses)

Others segment which include corporate expenses recorded lower loss before tax of RM8.1 million in the current quarter against RM10.0 million loss reported in the corresponding quarter mainly due to higher net foreign exchange loss of RM2.5 million recognised in the corresponding quarter.

#### NOTE 15 – Comparison with Preceding Quarter's Results

	Revenue		(Loss) / Profit Before Tax	
	1st Quarter ended 31/03/2022 RM'000	4th Quarter ended 31/12/2021 RM'000	1st Quarter ended 31/03/2022 RM'000	4th Quarter ended 31/12/2021 RM'000
<b>Business Segment</b>				
Drilling Services	74,193	151,040	(35,954)	14,670
Workover Services	319	4,599	(2,129)	(1,707)
Oilfield Services	2,327	2,464	406	183
Others (include corporate expenses)	570	382	(8,101)	(7,933)
<b>Total</b>	<b>77,409</b>	<b>158,485</b>	<b>(45,778)</b>	<b>5,213</b>

The Group's revenue of RM77.4 million was 51.2% lower than the preceding quarter's revenue of RM158.5 million. This was mainly due to lower revenue from Drilling Services as a result of lower average jack-up rig utilisation of 39% as compared to 78% in the preceding quarter. Furthermore, lower revenue from Workover Services was mainly contributed by recognition of contract in Vietnam in the preceding quarter.

As a result, the Group recorded a loss before tax of RM45.8 million against profit before tax of RM5.2 million in the preceding quarter.

#### NOTE 16 – Review of Consolidated Statement of Financial Position

	As at 31/03/2022 RM'000	As at 31/12/2021 RM'000
Total assets	2,928,408	3,006,006
Total equity	2,227,398	2,258,102
Total liabilities	701,010	747,904
<b>Total equity and liabilities</b>	<b>2,928,408</b>	<b>3,006,006</b>

The Group's total assets decreased by RM77.6 million mainly due to the decrease in trade and other receivables.

Total equity decreased by RM30.7 million mainly due to current period loss incurred.

Total liabilities reduced by RM46.9 million mainly due to lower trade and other payables by RM37.7 million and reduction in borrowings by RM9.3 million resulted from early repayment of borrowings.

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 2021.

## **NOTE 17 – Current Prospect**

### **Drilling Services Segment**

The oil and gas outlook remain strong due to supply demand imbalances facing energy commodities. Oil market tightness due to the restricted oil supply, which has resulted in higher oil prices, with the benchmark Brent oil price remaining above USD100 per barrel for the past three months. The release in strategic oil reserves and increase in OPEC and US oil production has so far been insufficient to offset oil supply affected by the current geopolitical conflict. In addition, major oil producers have been unable to respond adequately, due to prolonged lack of investment during the recent downturn. As a result, oil prices are expected to remain above USD80 per barrel in the short-term.

Gas markets are also tight, with the Henry Hub natural gas price at around USD7 per mmbtu, as LNG cargoes are required to meet European energy demand.

However, there is increasing risk from slowing economic growth, as IMF has revised its projected global growth rate for 2022 to 3.6%, from 4.4% previously. The US Fed has also raised its rates for the second time this year to contain rising inflation.

Global and regional upstream activities, including in Southeast Asia are increasing, with more exploration and development projects being evaluated and sanctioned. In Malaysia, a number of new contracts have been awarded with a few more being tendered out. However, there is a time-lag between increasing oil prices and the recovery in drilling rig outlook.

The Group was awarded a call-out umbrella contract from Petronas Carigali Sdn. Bhd. (“PCSB”) for all of our NAGA rigs, and is expected to increase utilisation of VELESTO’s rigs in the next two years.

Currently, three of the Group’s six available jack-up drilling rigs are working while another three are undergoing upgrading works and being prepared to meet the requirement of our potential clients for contracts that we are tendering for. The Group is actively bidding for new tenders for local and international contracts scheduled to be performed this year and next year.

### **Workover Services Segment**

The prospect for workover services segment is improving with a number of jobs secured. The Group has received work orders for three of its four Hydraulic Workover Units (“HWU”) for the scope of Workover and Plug and Abandonment (“P&A”) activities, through provision of integrated well services (“IWS”). The Group continues to bid for available local and international contracts, for jobs scheduled to be performed this year and next year.

### **Oilfield Services Segment**

The positive threading industry outlook is also expected to benefit the oilfield services operation in China.

### **Group**

The recovery in the global oil and gas industry outlook augurs well for the Group. While the outlook is expected to improve, nevertheless, it may take time to be reflected in the Group’s financial performance. The Board remains cautiously optimistic on the financial performance of the Group in 2022, barring any unforeseen circumstances.

**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**

	<b>1<sup>st</sup> Quarter ended 31/03/2022 RM'000</b>
Taxation for current period	399
Taxation for prior year	22
<b>Total</b>	<b>421</b>

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 RM0.4 million for the current quarter.

**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**

	<b>USD'000 borrowings</b>	<b>RM'000 borrowings</b>	<b>RM'000 equivalent</b>
Short term borrowings			
- Secured			
USD revolving credit	53,500	-	224,968
RM revolving credit	-	56,500	56,500
	<u>53,500</u>	<u>56,500</u>	<u>281,468</u>
Long term borrowings			
- Secured			
Long term loan	70,700	-	297,293
Less: Transaction cost	-	-	(6,034)
	<u>70,700</u>	<u>-</u>	<u>291,259</u>
<b>Total</b>	<u><b>124,200</b></u>	<u><b>56,500</b></u>	<u><b>572,727</b></u>

**NOTE 22 – Group Borrowings and Debt Securities (continued)**

<b>Movements of Borrowings</b>	<b>Revolving Credit RM '000</b>	<b>Long Term Borrowings RM '000</b>	<b>Total RM '000</b>
At 1 January 2022	279,916	302,110	582,026
Unamortised transaction costs	-	6,079	6,079
Gross Borrowings at 1 January 2022	279,916	308,189	588,105
Effect of changes in foreign exchange rate	1,552	2,139	3,691
Repayment	-	(13,035)	(13,035)
	281,468	297,293	578,761
Unamortised transaction costs	-	(6,034)	(6,034)
At 31 March 2022	281,468	291,259	572,727

**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 recognised and enforced. With ongoing execution to enforce the award in Philippines, albeit impeded by COVID-19 situation in country, 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 31 March 2022.

**NOTE 25 – Earnings Per Share**

	1st Quarter Ended 31/03/2022	1st Quarter Ended 31/03/2021	(Unaudited) Quarter Ended 31/03/2022	(Unaudited) Quarter Ended 31/03/2021
<b>Loss For The Period Attributable To:</b>				
Equity Holders Of The Company (RM'000)	(46,199)	(60,474)	(46,199)	(60,474)
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
<b>Loss Per Share Attributable To Equity Holders Of The Company:</b>				
- Basic (Sen)	(0.56)	(0.74)	(0.56)	(0.74)
- Diluted (Sen)	(0.56)	(0.74)	(0.56)	(0.74)

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 2021 was not qualified.

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

	1st Quarter ended 31/03/2022 RM'000
(a) Interest income	463
(b) Other investment Income	9
(c) Depreciation and amortisation	(35,643)
(d) Net foreign exchange loss	(2,438)

**By Order Of The Board**

**LEE MI RYOUNG**  
Secretary  
(MAICSA 7058423)

**SAZLYNA SAPIEE**  
Joint Secretary  
(MIA 19254)

Kuala Lumpur  
25 May 2022