**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**
**For the Second Quarter ended 30 June 2019 (Unaudited)**

| | Current Quarter Ended 30-Jun-19 (Unaudited) RM'000 | Corresponding Quarter Ended 30-Jun-18 (Unaudited) RM'000 | Cumulative Period To Date 30-Jun-19 (Unaudited) RM'000 | Corresponding Period To Date 30-Jun-18 (Unaudited) RM'000 |
|---|---|---|---|---|
| Revenue | 247,179 | 221,278 | 403,587 | 370,060 |
| Operating expenses | (133,332) | (139,676) | (263,179) | (251,545) |
| **Gross profit** | **113,847** | **81,602** | **140,408** | **118,515** |
| Other income | 2,679 | 168 | 2,987 | 272 |
| Administration expenses | (28,688) | (21,415) | (50,014) | (42,495) |
| Other operating expenses | (1,447) | 15,505 | (366) | (16,425) |
| **Results from operating activities** | **86,391** | **75,860** | **93,015** | **59,867** |
| Finance costs | (15,414) | (20,335) | (32,188) | (41,693) |
| Finance income | 1,411 | 1,509 | 3,097 | 2,881 |
| **Net finance costs** | **(14,003)** | **(18,826)** | **(29,091)** | **(38,812)** |
| **Profit before tax** | **72,388** | **57,034** | **63,924** | **21,055** |
| Income tax expense | (19,448) | (13,993) | (28,137) | (25,663) |
| **Profit/(loss) for the period** | **52,940** | **43,041** | **35,787** | **(4,608)** |
| **Other comprehensive income/(expense), net of tax** | | | | |
| Foreign currency translation | 16,049 | 19,246 | 732 | (4,000) |
| Cash flow hedge | - | (36) | (78) | (73) |
| **Other comprehensive income/(expense) for the period, net of tax** | **16,049** | **19,210** | **654** | **(4,073)** |
| **Total comprehensive income/(expense) for the period** | **68,989** | **62,251** | **36,441** | **(8,681)** |
| **Profit/(loss) for the period** | | | | |
| Attributable to: | | | | |
| Owners of the Company | 55,090 | 38,853 | 50,955 | 17,744 |
| Non-controlling interest | (2,150) | 4,188 | (15,168) | (22,352) |
| | **52,940** | **43,041** | **35,787** | **(4,608)** |
| **Total comprehensive income/(expense) for the period** | | | | |
| Attributable to: | | | | |
| Owners of the Company | 64,797 | 97,794 | 51,353 | 15,281 |
| Non-controlling interest | 4,192 | (35,543) | (14,912) | (23,962) |
| | **68,989** | **62,251** | **36,441** | **(8,681)** |
| Weighted average number of ordinary shares in issue ('000) | 964,810 | 964,810 | 964,810 | 964,810 |
| Basic earnings/(loss) per ordinary share (sen) | 5.71 | 4.03 | 5.28 | 1.84 |

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018 and the accompanying notes attached to this interim financial report).

**Condensed Consolidated Statement of Financial Position**
**As at 30 June 2019 (Unaudited)**

| | UNAUDITED AS AT 30-Jun-19 RM'000 | AUDITED AS AT 31-Dec-18 RM'000 |
|---|---|---|
| **ASSETS** | | |
| **NON CURRENT ASSETS** | | |
| Property, plant and equipment | 1,401,573 | 1,442,096 |
| Prepaid lease payments | 9,203 | 9,386 |
| Refundable deposits | - | 46,043 |
| Goodwill | 653,627 | 653,627 |
| Deferred tax asset | 25,559 | 25,559 |
| Derivative assets | - | 78 |
| **TOTAL NON CURRENT ASSETS** | **2,089,962** | **2,176,789** |
| **CURRENT ASSETS** | | |
| Inventories | 7,959 | 7,285 |
| Contract assets | 208,189 | 150,008 |
| Trade and other receivables | 113,418 | 124,606 |
| Other investments | 1,517 | 1,490 |
| Refundable deposits | 46,943 | - |
| Deposits and prepayments | 6,065 | 10,810 |
| Current tax assets | 2,772 | 4,375 |
| Cash and cash equivalents | 108,097 | 221,779 |
| **TOTAL CURRENT ASSETS** | **494,960** | **520,353** |
| **TOTAL ASSETS** | **2,584,922** | **2,697,142** |
| **EQUITY AND LIABILITIES** | | |
| **EQUITY** | | |
| Share capital | 672,988 | 672,988 |
| Reserves | 501,923 | 450,570 |
| **TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY** | **1,174,911** | **1,123,558** |
| **NON-CONTROLLING INTEREST** | **161,339** | **176,251** |
| **TOTAL EQUITY** | **1,336,250** | **1,299,809** |
| **NON CURRENT LIABILITIES** | | |
| Loans and borrowings | 18,667 | 24,428 |
| Deferred tax liabilities | 73,776 | 73,776 |
| **TOTAL NON CURRENT LIABILITIES** | **92,443** | **98,204** |
| **CURRENT LIABILITIES** | | |
| Loans and borrowings | 903,611 | 1,064,752 |
| Trade and other payables | 212,873 | 205,514 |
| Current tax liabilities | 39,745 | 28,863 |
| **TOTAL CURRENT LIABILITIES** | **1,156,229** | **1,299,129** |
| **TOTAL LIABILITIES** | **1,248,672** | **1,397,333** |
| **TOTAL EQUITY AND LIABILITIES** | **2,584,922** | **2,697,142** |
| Net assets per share (sen) | 122 | 116 |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018 and the accompanying notes attached to this interim financial report).

**Condensed Consolidated Statement of Changes in Equity**
**For the Second Quarter ended 30 June 2019 (Unaudited)**

| | Attributable to the Owners of the Company | | | | Non-controlling interest | Total Equity |
|---|---|---|---|---|---|---|
| | Non-Distributable | | Distributable | Total | | |
| | Share Capital | Other reserve | Retained Earnings | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **At 1 January 2018** | **672,988** | **53,847** | **233,005** | **959,840** | **190,087** | **1,149,927** |
| Profit for the period | - | - | 160,150 | 160,150 | (16,167) | 143,983 |
| Foreign currency translation differences for foreign operations | - | 3,662 | - | 3,662 | 2,392 | 6,054 |
| Cash flow hedge | - | (94) | - | (94) | (61) | (155) |
| Total comprehensive income for the period | - | 3,568 | 160,150 | 163,718 | (13,836) | 149,882 |
| **At 31 December 2018** | **672,988** | **57,415** | **393,155** | **1,123,558** | **176,251** | **1,299,809** |

**Condensed Consolidated Statement of Changes in Equity (Cont'd)**
**For the Second Quarter ended 30 June 2019 (Unaudited)**

| | Attributable to the Owners of the Company | | | | Non-controlling interest | Total Equity |
|---|---|---|---|---|---|---|
| | Non-Distributable | | Distributable | Total | | |
| | Share Capital | Other reserve | Retained Earnings | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **At 1 January 2019** | **672,988** | **57,415** | **393,155** | **1,123,558** | **176,251** | **1,299,809** |
| Profit for the period | - | - | 50,955 | 50,955 | (15,168) | 35,787 |
| Foreign currency translation differences for foreign operations | - | 445 | - | 445 | 287 | 732 |
| Cash flow hedge | - | (47) | - | (47) | (31) | (78) |
| Total comprehensive income for the period | - | 398 | 50,955 | 51,353 | (14,912) | 36,441 |
| | | | | - | | |
| **At 30 June 2019** | **672,988** | **57,813** | **444,110** | **1,174,911** | **161,339** | **1,336,250** |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018 and the accompanying notes attached to this interim financial report).

**Condensed Consolidated Statement of Cash Flows**
**For the Second Quarter ended 30 June 2019 (Unaudited)**

| | Current period-to-date (unaudited) 30-Jun-19 RM'000 | Corresponding period-to-date (unaudited) 30-Jun-18 RM'000 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before tax | 63,924 | 21,055 |
| Adjustments for:- | | |
| - Non-cash items | 53,386 | 77,720 |
| - Non-operating items | 43,583 | 49,384 |
| Operating profit before changes in working capital | 160,893 | 148,159 |
| Changes in working capital | | |
| Inventories | (674) | 162 |
| Trade and other receivables | (35,087) | (52,045) |
| Trade and other payables | (96,532) | (21,080) |
| Total changes in working capital | (132,293) | (72,963) |
| **Cash generated from operations** | **28,600** | **75,196** |
| Interest received | 2,131 | 2,340 |
| Interest paid | - | (5,121) |
| Tax paid | (18,993) | (14,881) |
| Total interest and tax paid | (16,862) | (17,662) |
| **Net cash generated from operating activities** | **11,738** | **57,534** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Withdrawal/(Placement) of fixed deposits | 1,661 | 49,632 |
| Acquisition of property, plant and equipment | (12,360) | (10,598) |
| **Net cash (used in)/generated from investing activities** | **(10,699)** | **39,034** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Repayment of borrowings | (59,961) | (157,903) |
| Payments of finance lease liabilities | - | (6,321) |
| Term loan interest paid | (21,397) | (24,724) |
| Coupon paid | (10,881) | (12,879) |
| **Net cash used in financing activities** | **(92,239)** | **(201,827)** |
| **Net decrease in cash and cash equivalents** | **(91,200)** | **(105,259)** |
| **Effect of foreign exchange translation** | **(775)** | **3,061** |
| **Cash and cash equivalents at the beginning of the period** | **195,649** | **164,901** |
| **Cash and cash equivalents at the end of the period** | **103,674** | **62,703** |
| | | |
| **Breakdown of cash and cash equivalents at the end of the period:-** | | |
| Short term deposits | 44,967 | 56,695 |
| Cash and bank balances | 63,130 | 12,071 |
| | **108,097** | **68,766** |
| Less: Deposits pledged as security | (4,423) | (6,063) |
| Cash and cash equivalents | 103,674 | 62,703 |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018 and the accompanying notes attached to this interim financial report).

## A. NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 (MFRS 134): INTERIM FINANCIAL REPORTING

### A1. Basis of reporting preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard 134 (MFRS134), *Interim Financial Reporting* and with IAS 34, *Interim Financial Reporting* and Appendix 9B part A of the Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

### A2. Changes in Accounting policies

#### A2.1 Adoption of Accounting Standards, Amendments and Interpretations

The significant accounting policies adopted in the preparation of these interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2018, except for the adoption of the following Accounting Standards, Amendments and Interpretations from 1 January 2019:

| MFRS/ Amendment/ Interpretation | Effective date |
|---|---|
| MFRS 16, *Leases* | 1 January 2019 |
| IC Interpretation 23, *Uncertainty over Income Tax Treatments* | 1 January 2019 |
| Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)* | 1 January 2019 |
| Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation* | 1 January 2019 |
| Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)* | 1 January 2019 |
| Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)* | 1 January 2019 |
| Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)* | 1 January 2019 |
| Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures* | 1 January 2019 |
| Amendments to MFRS 119, *Employee Benefits-Plan Amendment, Curtailment or Settlement* | 1 January 2019 |

The adoption of the above Accounting Standards, Amendments and Interpretations does not have a material impact on the financial statements of the Group and the Company.

**A2. Changes in Accounting policies (Cont'd)**

**A2.2 Accounting Standards, Amendments and Interpretations issued but not yet effective**

| MFRS/ Amendment/ Interpretation | Effective date |
|---|---|
| Amendments to MFRS 3, *Business Combinations (Annual improvements to MFRS Standards 2015 – 2017 Cycle)* | 1 January 2020 |
| Amendments to MFRS 101, *Presentation of Financial Statements and* MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors -Definition of Material* | ! January 2020 |
| MFRS 17, *Insurance Contracts* | 1 January 2021 |
| Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* | To be determined |

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the above accounting standards, amendments or interpretations is not expected to have any material financial impacts on the financial statements of the Group for the current and prior periods.

**A3. Auditors' report**

There was no qualification on the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

---*The rest of this page has been intentionally left blank*---

## A4. Profit for the period

| | Current quarter ended (unaudited) 30-Jun-19 RM'000 | Corresponding quarter ended (audited) 30-Jun-18 RM'000 | Current period-to-date (unaudited) 30-Jun-19 RM'000 | Corresponding period-to-date (unaudited) 30-Jun-18 RM'000 | Preceding quarter (unaudited) 31-Mar-19 RM'000 |
|---|---|---|---|---|---|
| **Profit/(loss) for the period is arrived at after (charging)/crediting:** | | | | | |
| **<u>Other income</u>** | | | | | |
| Reversal/(allowance) of impairment loss on property, plant and equipment | 2,818 | - | 2,818 | - | - |
| Realised gain/(loss) on foreign exchange | - | - | - | - | 48 |
| Unrealised (loss)/gain on foreign exchange | - | - | - | - | 1,039 |
| Others | (139) | 168 | 169 | 272 | 308 |
| Total other income | 2,679 | 168 | 2,987 | 272 | 1,395 |
| **<u>Other expenses</u>** | | | | | |
| Amortisation of intangible assets | - | (3,122) | - | (6,245) | - |
| Realised gain/(loss) on foreign exchange | (73) | 988 | (31) | 1,895 | (6) |
| Unrealised (loss)/gain on foreign exchange | (1,374) | 24,731 | (335) | (4,686) | - |
| (Allowance) for impairment loss on receivables | - | - | - | (297) | - |
| Reversal/(allowance) of impairment loss on property, plant and equipment | - | (7,092) | - | (7,092) | - |
| Total other (expenses)/income | (1,447) | 15,505 | (366) | (16,425) | (6) |
| Grand total of other income/(expenses) | 1,232 | 15,673 | 2,621 | (16,153) | 1,389 |
| Depreciation of property, plant and equipment & amortisation of prepaid lease payment | (28,159) | (29,929) | (55,896) | (59,401) | (27,738) |

Save for the above, there were no allowance for write off of inventories, gain or loss on disposal of quoted or unquoted investments or properties and material exceptional items that are included in the profit of the Group for the current quarter ended 30 June 2019.

**A5. Seasonal or cyclical factors**

Seasonality due to weather is not foreseen to affect the Group's vessel chartering operations. However, the offshore topside maintenance operations are normally affected by bad weather at the beginning and the end of the year and this factor has been taken into consideration in the Group's annual business plan.

**A6. Items of unusual nature and amount**

There were no items affecting the assets, liabilities, equity, net income or cash flows of the Group that are unusual because of their nature, size or incidence for the current quarter, except for the other comprehensive expense arising from realised/unrealised foreign exchange loss and foreign currency translation of investment in Labuan subsidiaries denominated in US Dollars.

During the current quarter and financial period-to-date, the other expenses are comprised of unrealised foreign exchange loss of RM1.4 million and RM0.3 million respectively whereas the other comprehensive income include foreign currency translation gain of RM16.0 million and RM0.7 million respectively.

In addition, the Group has made a reversal of impairment loss on PPE of USD0.7 million (equivalent to RM2.8 million) during the quarter under review and financial period to date.

**A7. Material changes in estimates**

There were no changes in the estimates of amounts reported in the current quarter and financial period to-date.

**A8. Issuances, cancellations, repurchase, resale and repayments of debt and equity securities**

There were no issuance and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter.

In accordance with Section 618 of the Companies Act 2016, any amount standing to the credit of the share premium account and the capital redemption reserve has become part of the Company's share capital. The Company has 24 months upon the commencement of the Companies Act 2016 on 31 January 2017 to utilize the credit. Included in the share capital is share premium amounting to RM147.0 million that has not been utilized within the period for utilisation which expired on 30 January 2019.

**A9. Dividend**

No dividend has been declared or paid for the financial year ended 31 December 2018 and the current period ended 30 June 2019.

---*The rest of this page has been intentionally left blank*---

## A10. Segmental information

The Group is organized into the following operating segments:-

1. Investment holding
2. Offshore Topside Maintenance Services ("Offshore TMS")
3. Charter of Marine Vessels ("Marine Charter")
4. Rental of offshore equipment ("Equipment Rental")

### A10.1 Business Segment

| Current quarter ended 30 June 2019 | Investment Holding RM'000 | Offshore TMS RM'000 | Marine Charter RM'000 | Equipment Rental RM'000 | Total RM'000 | Adjustments RM'000 | Consolidated RM'000 |
|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | |
| External revenue | - | 201,613 | 45,566 | - | 247,179 | - | 247,179 |
| Inter-segment revenue | 1,261 | - | 53,017 | 3,659 | 57,937 | (57,937) | - |
| Total revenue | 1,261 | 201,613 | 98,583 | 3,659 | 305,116 | (57,937) | 247,179 |
| **Results** | | | | | | | |
| Segment results | (429) | 76,125 | 17,061 | 1,627 | 94,384 | (7,993) | 86,391 |
| Finance costs | (5,039) | (392) | (9,983) | - | (15,414) | - | (15,414) |
| Inter-segment finance costs | (4,326) | - | (3,667) | - | (7,993) | 7,993 | - |
| Total finance costs | (9,365) | (392) | (13,650) | - | (23,407) | 7,993 | (15,414) |
| Finance income | 129 | 550 | 687 | 45 | 1,411 | - | 1,411 |
| Inter-segment finance income | - | - | - | - | - | - | - |
| Total finance income | 128 | 550 | 687 | 45 | 1,411 | - | 1,411 |
| (Loss)/profit before tax | **(9,665)** | **76,283** | **4,098** | **1,672** | **72,388** | **-** | **72,388** |
| Taxation | | | | | | | (19,448) |
| Profit after tax | | | | | | | **52,940** |

**A10. Segmental Information (Cont'd)**

**A10.1 Business Segment (Cont'd)**

| **Corresponding quarter ended 30 June 2018** | **Investment Holding RM'000** | **Offshore TMS RM'000** | **Marine Charter RM'000** | **Equipment Rental RM'000** | **Total RM'000** | **Elimination RM'000** | **Consolidated RM'000** |
|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | |
| External revenue | - | 201,496 | 19,782 | - | 221,278 | - | 221,278 |
| Inter-segment revenue | 1,259 | - | 51,093 | 5,737 | 58,089 | (58,089) | - |
| Total revenue | 1,259 | 201,496 | 70,875 | 5,737 | 279,367 | (58,089) | 221,278 |
| **Results** | | | | | | | |
| Segment results | 73 | 58,771 | 26,725 | 2,033 | 87,602 | (11,742) | 75,860 |
| Finance costs | (865) | (4,558) | (14,912) | - | (20,335) | - | (20,335) |
| Inter-segment finance costs | (8,620) | - | - | - | (8,620) | 8,620 | - |
| Finance costs | (9,485) | (4,558) | (14,912) | - | (28,955) | 8,620 | (20,335) |
| | | | | | - | | |
| Finance income | 128 | 346 | 980 | 55 | 1,509 | - | 1,509 |
| Inter-segment finance income | - | - | - | - | - | - | - |
| Finance income | 128 | 346 | 980 | 55 | 1,509 | - | 1,509 |
| (Loss)/profit before tax | **(9,284)** | **54,559** | **12,793** | **2,088** | **60,156** | **(3,122)** | **57,034** |
| Taxation | | | | | | | (13,993) |
| Profit after tax | | | | | | | **43,041** |

*---The rest of this page has been intentionally left blank---*

**A10. Segmental Information (Cont'd)**

**A10.1 Business Segment (Cont'd)**

| Current 6 months ended 30 June 2019 | Investment Holding RM'000 | Offshore TMS RM'000 | Marine Charter RM'000 | Equipment Rental RM'000 | Total RM'000 | Adjustments RM'000 | Consolidated RM'000 |
|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | |
| External revenue | - | 328,960 | 74,627 | - | 403,587 | - | 403,587 |
| Inter-segment revenue | 2,531 | - | 69,613 | 5,542 | 77,686 | (77,686) | - |
| Total revenue | 2,531 | 328,960 | 144,240 | 5,542 | 481,273 | (77,686) | 403,587 |
| **Results** | | | | | | | |
| Segment results | (472) | 110,035 | (3,936) | 1,783 | 107,410 | (14,395) | 93,015 |
| Finance costs | (10,320) | (792) | (21,076) | - | (32,188) | - | (32,188) |
| Inter-segment finance costs | (8,067) | - | (6,328) | - | (14,395) | 14,395 | - |
| Finance costs | (18,387) | (792) | (27,404) | - | (46,583) | 14,395 | (32,188) |
| Finance income | 257 | 1,393 | 1,391 | 56 | 3,097 | - | 3,097 |
| Inter-segment finance income | - | - | - | - | - | - | - |
| Finance income | 257 | 1,393 | 1,391 | 56 | 3,097 | - | 3,097 |
| (Loss)/profit before tax | **(18,602)** | **110,636** | **(29,949)** | **1,839** | **63,924** | **-** | **63,924** |
| Taxation | | | | | | | **(28,137)** |
| Profit after tax | | | | | | | **35,787** |

*---The rest of this page has been intentionally left blank---*

**A10. Segmental Information (Cont'd)**

**A10.1 Business Segment (Cont'd)**

| **Corresponding 6 months ended 30 June 2018** | **Investment Holding RM'000** | **Offshore TMS RM'000** | **Marine Charter RM'000** | **Equipment Rental RM'000** | **Total RM'000** | **Elimination RM'000** | **Consolidated RM'000** |
|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | |
| External revenue | - | 338,956 | 31,104 | - | 370,060 | - | 370,060 |
| Inter-segment revenue | 2,518 | - | 68,253 | 8,478 | 79,249 | (79,249) | - |
| Total revenue | 2,518 | 338,956 | 99,357 | 8,478 | 449,309 | (79,249) | 370,060 |
| **Results** | | | | | | | |
| Segment results | 246 | 102,041 | (27,017) | 1,438 | 76,708 | (16,841) | 59,867 |
| Finance costs | (6,743) | (5,121) | (29,829) | - | (41,693) | - | (41,693) |
| Inter-segment finance costs | (10,596) | - | - | - | (10,596) | 10,596 | - |
| Finance costs | (17,339) | (5,121) | (29,829) | - | (52,289) | 10,596 | (41,693) |
| | - | - | - | - | - | - | |
| Finance income | 270 | 892 | 1,628 | 91 | 2,881 | - | 2,881 |
| Inter-segment finance income | - | - | - | - | - | - | - |
| Finance income | 270 | 892 | 1,628 | 91 | 2,881 | - | 2,881 |
| Profit/(loss) before tax | **(16,823)** | **97,812** | **(55,218)** | **1,529** | **27,300** | **(6,245)** | **21,055** |
| Taxation | | | | | | | (25,663) |
| Loss after tax | | | | | | | **(4,608)** |

*---The rest of this page has been intentionally left blank---*

**10. Segmental Information (Cont'd)**

**A10.2 Segment Assets and Liabilities**

| **As at 30 June 2019** | **Investment Holding RM'000** | **Offshore TMS RM'000** | **Marine Charter RM'000** | **Equipment Rental RM'000** | **Total RM'000** | **Elimination RM'000** | **Consolidated RM'000** |
|---|---|---|---|---|---|---|---|
| Segment assets | 766,307 | 640,643 | 1,439,642 | 52,153 | 2,898,745 | (342,154) | 2,556,591 |
| Deferred tax assets | - | - | 25,559 | - | 25,559 | - | 25,559 |
| Current tax assets | - | - | 2,265 | 507 | 2,772 | - | 2,772 |
| **Total assets** | **766,307** | **640,643** | **1,467,466** | **52,660** | **2,927,076** | **(342,154)** | **2,584,922** |
| Segment liabilities | 183,924 | (128,063) | 684,259 | 2,779 | 742,899 | 392,252 | 1,135,151 |
| Deferred tax liabilities | - | 4,205 | 60,734 | 1,166 | 66,105 | 7,671 | 73,776 |
| Current tax liabilities | 186 | 36,167 | 44 | - | 36,397 | 3,348 | 39,745 |
| **Total liabilities** | **184,110** | **(87,691)** | **745,037** | **3,945** | **845,401** | **403,271** | **1,248,672** |

| **As at 30 June 2018** | **Investment Holding RM'000** | **Offshore TMS RM'000** | **Marine Charter RM'000** | **Equipment Rental RM'000** | **Total RM'000** | **Elimination RM'000** | **Consolidated RM'000** |
|---|---|---|---|---|---|---|---|
| Segment assets | 842,562 | 533,853 | 1,481,033 | 55,848 | 2,913,296 | (410,388) | 2,502,908 |
| Deferred tax assets | - | - | 23,236 | - | 23,236 | - | 23,236 |
| Current tax assets | - | - | 4,686 | 1,292 | 5,978 | - | 5,978 |
| **Total assets** | **842,562** | **533,853** | **1,508,955** | **57,140** | **2,942,510** | **(410,388)** | **2,532,122** |
| Segment liabilities | 222,479 | 4,965 | 740,556 | 13,333 | 981,333 | 319,240 | 1,300,573 |
| Deferred tax liabilities | - | 3,769 | 56,323 | 950 | 61,042 | 9,893 | 70,935 |
| Current tax liabilities | 542 | 15,478 | - | - | 16,020 | 3,348 | 19,368 |
| **Total liabilities** | **223,021** | **24,212** | **796,879** | **14,283** | **1,058,395** | **332,481** | **1,390,876** |

## A11. Revenue

### A11.1 Disaggregation of Revenue

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers, except for immaterial amounts related to hedge accounting.

In the following table, revenue is disaggregated by type of services and timing of revenue recognition within the Group's operating segments.

| | Current quarter ended (unaudited) 30-Jun-19 RM'000 | Corresponding quarter ended (unaudited) 30-Jun-18 RM'000 | Current period-to-date (unaudited) 30-Jun-19 RM'000 | Corresponding period-to-date (unaudited) 30-Jun-18 RM'000 |
|---|---|---|---|---|
| **Type of services** | | | | |
| **Topside maintenance services** | | | | |
| Schedule of rates | 127,462 | 120,075 | 223,016 | 245,036 |
| Lump sum | 71,998 | 81,421 | 105,944 | 93,920 |
| Cost plus | 2,153 | - | - | - |
| **Marine offshore support services** | | | | |
| Chartering of vessels | 44,441 | 19,782 | 72,253 | 31,104 |
| Others | 1,125 | - | 2,374 | - |
| | 247,179 | 221,278 | 403,587 | 370,060 |
| **Timing of revenue recognition** | | | | |
| **Services transferred over time** | | | | |
| **Topside maintenance services** | | | | |
| Schedule of rates | 127,462 | 120,075 | 223,016 | 245,036 |
| Lump sum | 71,998 | 81,421 | 105,944 | 93,920 |
| **Marine offshore support services** | | | | |
| Chartering of vessels | 44,441 | 19,782 | 72,253 | 31,104 |
| Others | 1,125 | - | 2,374 | - |
| **Services transferred at the point in time** | | | | |
| Cost plus | 2,153 | - | - | - |
| | 247,179 | 221,278 | 403,587 | 370,060 |

**A11. Revenue (Cont'd)**

**A11.2 Nature of Services**

The following information reflects the typical transactions of the Group.

| Type of contracts | Timing of recognition or method used to recognise revenue | Significant payment terms |
|---|---|---|
| Lump sum | Revenue is recognised overtime using the cost incurred method. | Credit periods of 30 days from invoice date. |
| Schedule of rates | Revenue is recognised overtime using the cost incurred method. | Credit periods of 30 days from invoice date. |
| Chartering of vessels | Revenue is recognised overtime as and when the charter hire services are performed using the cost incurred method. | Credit periods of 30 to 45 days from invoice date. |
| Rental | Revenue is recognised overtime as and when the equipment hiring services are performed using the cost incurred method. | Credit periods of 30 days from invoice date. |
| Cost plus | Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises. | Credit periods of 30 days from invoice date. |

**A12. Valuation of goodwill**

Under MFRS 136, *Impairment of Assets* the Group is required to annually carry out impairment test on the cash generated units ("CGUs"), of which goodwill is allocated. For the purpose of impairment testing, goodwill is allocated to the Group's operating activities (i.e. marine charter) which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

MFRS 136 states that the annual impairment test for the following items may be performed at any time within an annual reporting period, provided that the test is performed at the same time every year. The Group reassessed the valuation of its CGUs as at 31 December 2018 to determine whether there is any indication that its CGUs may be impaired.

The Group has adopted value-in-use ("VIU") estimations which entail discounting the estimated future cash flows from the continuing use of the CGUs. The recoverable amounts were compared against the carrying amounts of the CGUs.

During the current quarter ended 30 June 2019, there was no impairment provided.

**A13. Valuation of property, plant and equipment ("PPE")**

The Group reassessed its assets (except for inventories, deferred tax assets and financial assets) as at 30 June 2019 to determine whether there is any indication that its assets may be further impaired or recovered.

The Group has adopted value-in-use ("VIU") estimations which entail discounting the estimated future cash flows from the continuing use of PPE. The recoverable amounts were compared against the carrying amounts of the PPE.

For the current financial quarter ended 30 June 2019, the Group has made a reversal of impairment loss on PPE of USD0.7 million (equivalent to RM2.8 million). The Group's accumulated impairment loss has decreased from RM9.3 million as at 31 December 2018 to RM6.5 million as at 30 June 2019.

**A14. Capital commitments**

Capital commitments as at end of the current quarter are as follows:-

| | **30-Jun-19**<br>RM'000 |
|---|---|
| **Approved and contracted for** | |
| Purchase of a piece of industrial land located at Kidurong Industrial Area in Bintulu | 2,696 |

**A15. Material events subsequent to the reporting period**

There were no material events subsequent to the current financial quarter ended 30 June 2019 up to the date of this report which is likely to substantially affect the financial results of the Group.

**A16. Changes in composition of the group**

There were no changes in the composition of the Group for the current quarter ended 30 June 2019.

**A17. Contingent Liabilities**

There were no contingent liabilities outstanding as at 30 June 2019.

Further to the conclusion of the tax audit for Year of Assessment ("YA") 2007 to YA2010 as disclosed in Note 30 to the audited financial statements for the year ended 31 December 2017, the Inland Revenue Board (IRB) has requested the subsidiary of the Group to revise its tax computations for YA2011 and subsequent years. The subsidiary of the Group has engaged a tax consultant to assist in the matter and assess the tax impacts thereof. In February 2017, The subsidiary of the Group responded to IRB that it disagreed with applying the same computation method used for the earlier tax audit exercise based on reasonable technical grounds. The Group may need to provide for additional tax payable, if any, arising from any revision of the tax computations for YA2011 and subsequent years, the outcome of which cannot be ascertained at this present stage. As at the latest practicable date 15 May 2019, the subsidiary of the Group has not received any response from the IRB to its reply of February 2017.

## A18. Significant Related Party Transactions

The Group entered into the following transactions with related parties, in addition to compensations to Directors and other key management personnel, during the current quarter:-

| Transactions with Directors and a company in which certain Directors have substantial financial interests:- | Nature | Amount for 6 months ended 30 June 2019 | Unsettled balance as at 30 June 2019 |
|---|---|---|---|
| | | RM'000 | RM'000 |
| Ling Suk Kiong and Joe Ling Siew Loung @ Lin Shou Long | Rental of open yard fabrication facilities with workshop, warehouse and office in Labuan | 306 | - |
| Ling Suk Kiong and his spouse Wong Siew Hong | Rental of office in Miri | 18 | - |
| Kunci Prima Sdn Bhd (Directors and shareholders are Tengku Yusof Bin Tengku Ahmad Shahruddin, Joe Ling Siew Loung @ Lin Shou Long, Ling Suk Kiong and his spouse Wong Siew Hong) | Rental of office in Miri | 372 | - |
| Kunci Prima Sdn Bhd | Rental of office in Petaling Jaya | 398 | - |
| Kunci Prima Sdn Bhd | Rental of office in Kuala Baram | 137 | - |
| Ling Suk Kiong and his spouse Wong Siew Hong | Rental of condominium located at unit B-36-01, Verticas Residensi, No. 10, Jalan Ceylon, 55100 Kuala Lumpur | 48 | - |
| Clear Water Services Sdn Bhd | General trading specialising in oil and gas sector | 6,532 | 283 |
| | | 7,811 | 283 |

In the opinion of the Directors, the above transactions have been entered into in the ordinary course of business and have been established under terms no less favorable than those transacted with unrelated parties.

*---The rest of this page has been intentionally left blank---*

**B ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENTS**

**B1. Review of Financial Performance**

**The Group's performance for the current quarter under review versus the corresponding quarter of the previous financial year is tabled below:**

| | Current Quarter ended 30-Jun-19 | Corresponding Quarter ended 30-Jun-18 | Variance | |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 247,179 | 221,278 | 25,901 | 12 |
| Gross profit | 113,847 | 81,602 | 32,245 | 40 |
| Profit before interest and tax | 86,391 | 75,860 | 10,531 | 14 |
| Profit before tax | 72,388 | 57,034 | 15,354 | 27 |
| Profit after tax | 52,940 | 43,041 | 9,899 | 23 |
| Profit attributable to Ordinary Equity Holders of the Parent | 55,090 | 38,853 | 16,237 | 42 |

Comparatively, the Group's revenue for the current quarter ended 30 June 2019 increased by 12% while the group made a profit before tax of RM72.4 million for the current quarter as compared to profit before tax of RM57.0 million in the corresponding quarter ended 30 June 2018.

The higher revenue in the current quarter is mainly due to higher vessel utilisation and higher work orders received and performed under the topside maintenance contracts.

Whilst revenue increased by RM25.9 million ie 12%, profit before tax for the current quarter increased by RM15.3 million ie. 27% due to higher profit margin on work orders received and performed in the current quarter as compared to the corresponding quarter.

In addition, the profit before tax in the current quarter has also taken into account a reversal of impairment loss on PPE of RM2.8 million as compared to an allowance of impairment loss on PPE of RM7.1 million in the corresponding quarter and a net realised/unrealised foreign exchange loss of RM1.4 million as compared to a net realised/unrealised foreign gain of RM25.7 million in the corresponding quarter. The profit before tax in the corresponding quarter has taken into account of amortization expenses of RM3.1 million.

In the opinion of the Directors, the results for the current quarter have not been affected by any transactions or events of a material nature which have arisen between 30 June 2019 and the date of this report.

---*The rest of this page has been intentionally left blank*---

**B1. Review of Financial Performance (Cont'd)**

**B1.2 The Group's performance for the current financial period-to-date under review versus the corresponding previous financial period-to-date is tabled below:**

| | Cummulative period-to-date 30-Jun-19 | Corresponding period-to-date 30-Jun-18 | Variance | |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 403,587 | 370,060 | 33,527 | 9 |
| Gross profit | 140,408 | 118,515 | 21,893 | 18 |
| Profit before interest and tax | 93,015 | 59,867 | 33,148 | 55 |
| Profit before tax | 63,924 | 21,055 | 42,869 | 204 |
| Profit/(loss) after tax | 35,787 | (4,608) | 40,395 | (877) |
| Profit attributable to Ordinary Equity Holders of the Parent | 50,955 | 17,744 | 33,211 | 187 |

Revenue increased by 9% from RM370.1 million in the previous corresponding period-to-date to RM403.6 million in the current period-to-date. The higher revenue in the current period as compared to the corresponding period is mainly due to higher value of work order received and performed in the current period-to-date.

The Group registered a significantly higher profit before tax for the current period ended 30 June 2019 mainly due higher profit margin on works orders received and performed during the current financial period as compared to the corresponding financial period.

In addition, the profit before tax for the current period has taken into account a reversal of impairment loss on PPE of RM2.8 million as compared to an allowance of impairment loss on PPE of RM7.1 million in the corresponding period and a net realised/unrealised foreign exchange loss of RM0.4 million as compared to a net realised/unrealised foreign loss of RM2.8 million in the corresponding period. The profit before tax in the corresponding period has also taken into account of amortization expenses of RM6.2 million.

*---The rest of this page has been intentionally left blank---*

**B2. Financial review for current quarter results compared to the results of the immediate preceding quarter**

| | Current Quarter ended 30-Jun-19 | Preceding Quarter ended 31-Mar-19 | Variance | |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 247,179 | 156,408 | 90,771 | 58 |
| Gross profit | 113,847 | 26,561 | 87,286 | 329 |
| Profit before interest and tax | 86,391 | 6,624 | 79,767 | 1,204 |
| Profit before tax | 72,388 | (8,464) | 80,852 | 955 |
| Profit/(loss) after tax | 52,940 | (17,153) | 70,093 | 409 |
| Profit /(loss) attributable to Ordinary Equity Holders of the Parent | 55,090 | (4,135) | 59,225 | 1,432 |

In the current quarter, the Group's revenue was 58% higher as compared to the preceding quarter. In the current quarter the Group made a profit before tax of RM72.4 million as compared to a loss before tax of RM8.5 million in the preceding quarter.

The significant increase in revenue in the current quarter as compared to the immediate preceding quarter is mainly due to higher vessel utilisation rate and higher work orders from the maintenance contracts. The higher vessel utilisation is a result of improved work orders/contracts awarded from the oil majors during the second quarter of 2019.

The higher profit before tax of RM72.4 million in the current quarter is mainly attributed to the higher profit margin in work orders received and performed under the topside maintenance contracts.

**B3. Prospects**

We continued to chalk up strong results in the second quarter of 2019 after the good start of the year. We are indeed proud to deliver our best second-quarter revenue and net profit in our long established history, illustrating our unwavering pursuit for better operational excellence. This impressive achievement comes on the back of the robust work orders for the Maintenance, Construction and Modifications Contract (MCM) and Topside Maintenance Services works under the Pan Hook-up and Commissioning Contract (Pan HUC).

Consequently, vessel utilisation also came in stronger at 79%, as compared to 36% in the first quarter of 2019 and 70% in the second quarter of 2018. We are particularly excited with the higher work orders during the quarter which may suggest that the strong job momentum could well continue into the second half of 2019. In addition, the synergistic collaboration between Dayang and its subsidiary, Perdana Petroleum has yielded the desired results, giving the combined group an unrivalled competitive advantage as the leading integrated MCM player.

Barring any unforeseen circumstances, we are optimistic that the strong earnings trend will be sustainable, premised on our sizable order book of circa RM2.8 billion, albeit on call-out-contracts. Notwithstanding the volatility in oil price and the strong headwinds from the on-going US-China trade war, we remain upbeat on the company's future prospects as Dayang will leverage on its strong execution track record to ride on the ramp-up in business activities in the second half of 2019. In addition, we are confident that our balance sheet will continue to improve sustainably as the impressive financial performance in 2018 has indirectly demonstrated the financial discipline undertaken to turn around the company.

**B3. Prospects (Cont'd)**

We remain positive that Dayang will return to its glorious days in the not-too-distant future as we carefully execute our long-term business plans. Nevertheless, the Board will remain vigilant and continue to exercise due care and prudence in the running and administration of the company's business.

**B4. Profit forecast and profit guarantee**

There was no profit guarantee issued by the Group.

**B5. Income tax expense**

| | Current quarter ended | Corresponding quarter ended | Current period-to-date | Corresponding period-to-date |
|---|---|---|---|---|
| | 30-Jun-19 | 30-Jun-18 | 30-Jun-19 | 30-Jun-18 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysian income tax | | | | |
| Current year | 19,448 | 13,993 | 28,137 | 25,663 |

For the current quarter and financial period to-date, the Group still incurs a tax charge of RM19.4 million and RM28.1 million respectively as the losses incurred by certain group entities cannot be offset against the taxable profits made by other group entities.

**B6. Profit from sale of unquoted investments and/or properties**

There were no disposals of unquoted investments and properties for the current quarter.

**B7. Quoted securities**

**Movement in unit trusts:**

| | Current quarter ended | Cummulative Year-to-date |
|---|---|---|
| | 30-Jun-19 | 30-Jun-19 |
| | RM'000 | RM'000 |
| At beginning of the period | 1,503 | 1,490 |
| Change in fair value | 14 | 27 |
| Redemption | - | - |
| At end of the period | 1,517 | 1,517 |
| | | |
| Market value | 1,517 | 1,517 |

**B8. Status of corporate proposal**

**(i) Corporate Debt Restructuring Committee ("CDRC")**

On 4 July 2018, PPB announced that Corporate Debt Restructuring Committee (the "CDRC') of Bank Negara Malaysia has granted approval on the Company's application for assistance to mediate between PPB and some of its subsidiaries (the "Applicant Company/Companies") with its financial institutions and Sukukholders (the "Lenders").

This admission to CDRC is consistent with PPB's strategy to streamline its operations and optimise its financial resources to focus and proactively enhance its offshore marine support services segment. It is a follow-on from PPB's previous successful cost rationalised initiative which has had a positive impact on PPB's financials.

PPB received approval from CDRC on 2 July 2018 ("CDRC Approval Letter") subject to the following conditions:

a) PPB is required to submit a Proposed Debt Restructuring Scheme within sixty (60) days from the date of the CDRC Approval Letter;

b) PPB's admission is limited to twelve (12) months or upon signing of a debt restructuring agreement, whichever is earlier; and

c) The Proposed Debt Restructuring Scheme must comply with the CDRC's restructuring principles for PPB to continue to remain under the Standstill arrangement with the Lenders.

The Standstill Letter was issued by CDRC to the Lenders of PPB on 2 July 2018.

The CDRC, which is under the purview of Bank Negara Malaysia, will mediate between PPB and their respective Financiers to renegotiate their respective financing facilities that can be sustained in the face of this challenging period for the oil and gas industry, in line with the above conditions. This successful mediation would enable Dayang Group to be better positioned to raise new financing and capital in the future and ensure its operations and PPB to easily sustain its underlying viability going forward.

PPB is exploring various options for the Proposed Debt Restructuring Scheme, including but not limited to extension of tenure of borrowings, disposal of assets, special issue or placement of shares and rights issue. Depending on the scheme eventually accepted by not less than 75% by value of the Lenders, there may be a need to write-down PPB's non-financial assets (except inventories and deferred tax assets) to market value, if lower than their carrying amount. As PPB is still exploring the various debt restructuring options, it is unable to provide further details at this stage.

On 30 August 2018, PPB has sought an extension of time of 30 days to submit the PDRS from 1 September 2018.

On 10 October 2018, PPB has conducted its first CDRC meeting and presented a draft PDRS to the lenders. Subsequently on 15 November 2018, a second CDRC meeting has taken place to provide further updates and details of the debt settlement scheme.

**B8. Status of corporate proposal (Cont'd)**

**(i) Corporate Debt Restructuring Committee ("CDRC") (Cont'd)**

On 28 January 2019, a third CDRC meeting was held to provide milestone updates and proposed scheme enhancement to all lenders.

Further details on the debt restructuring option agreeable to the Lenders will be provided at the appropriate time. Barring any unforeseen circumstances, the CDRC program is expected to be completed within 18 months from the date of admission, i.e., 2 July 2018.

Save for the above, there was no corporate proposal announced or not completed by the Group as at the latest practicable date of 16 August 2019.

**(ii) Debt restructuring exercise**

On 17 May 2019, Dayang Enterprise Holdings Bhd ("Dayang") announced that it proposes to undertake the following:-

**(a) Proposed Rights Issue**

Proposed renounceable rights issue of up to 96,480,983 new ordinary shares in Dayang Enterprise Holdings Bhd ("**Dayang Shares**") at an issue price to be determined later on the basis of 1 Rights Share for every 10 Dayang Shares held at an entitlement date to be determined later;

**(b) Proposed Private Placement**

Proposed private placement of up to 96,480,983 new Dayang Shares, representing approximately 10.0% of the total number of issued shares of Dayang; and

**(c) Proposed Subscription**

Proposed subscription of new redeemable convertible preference shares ("**RCPS**") of up to RM455.0 million in Perdana Petroleum Berhad ("**PPB**") at the entitlement basis and issue price to be determined later pursuant to the proposed rights issue of RCPS to be undertaken by PPB as detailed in item (d).

**(d) Proposed Rights Issue of Redeemable Convertible Preference Shares ("RCPS"), Amendments to PPB's Constitution and Provision of Financial Assistance**

On 17 May 2019, Perdana Petroleum Bhd ("PPB") announced and proposed to undertake the following:

(i) Proposed renounceable rights issue of new redeemable convertible preference shares("RCPS") to the entitled shareholders of the Company ("Entitled Shareholders") at an issue price and basis to be determined and announced later ("Proposed Rights Issue of RCPS"); and

(ii) Proposed amendments to the Constitution of the Company to facilitate the creation of the RCPS pursuant to the Proposed Rights Issue of RCPS ("Proposed Amendments").

The Company intends to raise a minimum gross proceeds of RM455.0 million and a maximum gross proceeds of RM506.0 million from the Proposed Rights Issue of RCPS.

**B8. Status of corporate proposal (Cont'd)**

**(ii). Debt restructuring exercise (Cont'd)**

**(d) Proposed Rights Issue of Redeemable Convertible Preference Shares ("RCPS"), Amendments to PPB's Constitution and Provision of Financial Assistance (Cont'd)**

The Proposed Rights Issue of RCPS entails the issuance of the RCPS to the shareholders of the Company whose names appear in the record of depositors of the Company on an entitlement date to be determined by the Company at a later date ("Entitlement Date") ("Entitled Shareholders") and/or their renouncee(s).

The Proposed Rights Issue of RCPS is intended to raise minimum gross proceeds of RM455.0 million whereby Dayang Enterprise Holdings Bhd ("Dayang") as the holding company and a major shareholder of the Company will undertake to subscribe for the RCPS up to the value of RM455.0 million ("Undertaking"). However, should all the Entitled Shareholders and/or their renouncee(s), where applicable subscribe in full for their respective entitlements under the Proposed Rights Issue of RCPS, the Company may potentially raise maximum gross proceeds of up to RM506.0 million.

The entitlement basis for the Proposed Rights Issue of RCPS ("Entitlement Basis") and the issue price of the RCPS ("Issue Price") have not been fixed at this juncture to provide flexibility to the Company in respect of the pricing of the RCPS due to potential share price movements. Pricing the RCPS closer to the implementation of the Proposed Rights Issue of RCPS will also enable the Issue Price to be more reflective of the prevailing market price of ordinary shares of the Company ("the Company Share(s)" or Share(s)") at that point in time. The Entitlement Basis and the Issue Price will be determined and announced by the Company before the Entitlement Date.

In addition, the RCPS will be provisionally allotted to the Entitled Shareholders on the Entitlement Date after obtaining all relevant approvals in respect of the Proposed Rights Issue of RCPS. The indicative salient terms of the RCPS are set out in the relevant announcement.

The Proposed Rights Issue of RCPS will allow the Company to repay part of Dayang's advances in an expeditious manner through a set-off arrangement, whereby Dayang's advances will be directly set off against the subscription monies due from Dayang pursuant to the Undertaking ("Set-Off Arrangement"). The repayment via the Set-Off Arrangement will reduce the liabilities of the Group without any cash outflow which is expected to improve the financial position of the Group and place it on a stronger financial footing.

On 10 July 2019, the Company has submitted an application to Bursa Securities seeking its approval for an extension of time to submit the additional listing application ("ALA") and draft circular for the Proposals ("Circular") to Bursa Securities.

On 22 July 2019, the Company further announced and proposed to provide financial assistance to Dayang in the form of corporate guarantees, indemnities and/ or collaterals for banking facilities obtained or to be obtained (as the case may be) by Dayang from licensed financial institutions, up to an aggregate amount of RM682.5 million (″Proposed Provision of Financial Assistance″).

**B8. Status of corporate proposal (Cont'd)**

**(ii). Debt restructuring exercise (Cont'd)**

**(d) Proposed Rights Issue of Redeemable Convertible Preference Shares ("RCPS"), Amendments to PPB's Constitution and Provision of Financial Assistance (Cont'd)**

As part of Dayang's group-wide debt restructuring exercise, Dayang proposed to undertake a subscription of RCPS of up to RM455.0 million in value pursuant to the Proposed Rights Issue of RCPS and undertake a proposed issuance of an unrated Islamic medium term notes of up to RM682.5 million in nominal value based on the Shariah principle of Murabahah (via Tawarruq arrangement) under a sukuk murabahah programme to be established ("Dayang Sukuk Programme"). The group-wide debt restructuring exercise of the Dayang Group aims to restructure and reschedule their loans and debt obligations to strengthen the financial position of the Dayang Group whereby part of the Dayang Sukuk Programme proceeds will be utilised for the early redemption of the Company's Sukuk Murabahah. As such, the Company will be required to undertake the Proposed Provision of Financial Assistance in favour of the relevant licensed financial institutions to facilitate the Dayang Sukuk Programme.

The Proposed Provision of Financial Assistance and the Proposed Rights Issue of RCPS together with the debt restructuring exercise will provide the Company a strong financial position to capitalise on the opportunities which are now emerging in the oil and gas industry. With an efficient capital structure, the Company and Dayang will have the flexibility to tap into the capital market for future fund raising opportunities and business expansion.

On 25 July 2019, Bursa Securities has vided its letter dated on the same day, approved the Company's application for an extension of time of up to 16 September 2019 to submit the ALA and draft Circular to Bursa Securities.

**(e) Proposed Acquisition of Mount Santubong Ltd**

On 23 May 2019, PPB's wholly owned subsidiary, Perdana Jupiter Ltd ("PJL") has entered into a Share Sale Agreement ("SSA") with NFC Shipping Fund C LLC ("NFC") to acquire 2,650,000 ordinary shares ("Sale Shares"), representing the entire issued and paid-up share capital of USD2,706,400 in Mount Santubong Ltd ("MSL") from NFC for a total cash consideration of USD1.00 or approximately RM4.18 ("Purchase Consideration") ("Proposed Acquisition").

The Purchase Consideration was arrived at on a willing buyer-willing seller basis after taking into consideration the following:

(a) NFC's intention to exit the offshore service vessel segment as part of their global business strategy;
(b) the net assets of MSL of USD8.57 million based on its latest unaudited financial statement for the financial year ended 31 December 2018;
(c) the net loss of MSL of USD2.13 million based on the unaudited financial statement for year ended 31 December 2018;
(d) the lease arrangement between PJL and MSL where PJL still has an amount outstanding of USD20.41 million to MSL upon exercising the option to purchase the two vessels; and
(e) the outstanding loan amount of USD15.15 million owing by MSL to United Overseas Bank Limited, Labuan Branch.

**B8. Status of corporate proposal (Cont'd)**

**(ii). Debt restructuring exercise (Cont'd)**

**(e) Proposed Acquisition of Mount Santubong Ltd (Cont'd)**

The Proposed Acquisition forms part of the CDRC scheme. The two vessels currently owned by MSL are leased to PJL with an option to purchase and the outstanding borrowings for the purposes of financing the two vessels are currently being restructured. In view that the existing borrowings in MSL will be restructured and coupled with the fact that the two vessels will eventually be owned by PJL to generate future revenue and cashflows, the Group is optimistic that the Proposed Acquisition will improve its financial position. This initiative is in line with the Group's strategy to streamline its operations and optimise its financial resources to focus on and proactively enhance its offshore marine support services segment. The ramp-up of work orders and the increase in charter contracts currently experienced by the Group will bode well for the Group's vessel utilisation, including the two vessels currently owned by MSL.

On 8 July 2019, the Company announced that all the conditions precedent in the Share Sale Agreement entered have been fulfilled and the Proposed Acquisition was completed. MSL has effectively became a wholly owned subsidiary of PJL on 5 July 2019.

Save for the above, there were no other corporate proposals announced but not completed as at 16 August 2019, being the latest practicable date not earlier than 7 days from the date of issue of this interim report.

*---The rest of this page has been intentionally left blank---*

**B9. Group borrowings**

Total Group's borrowings as at 30 June 2019 were as follows:

| | As at 30-Jun-19 | | As at 31-Dec-18 | |
|---|---|---|---|---|
| | USD'000 | RM'000 | USD'000 | RM'000 |
| **Current** | | | | |
| **Secured** | | | | |
| Sukuk | - | 352,559 | - | 438,528 |
| Term loans | - | 196,211 | - | 220,411 |
| Term loans | 16,424 | 68,053 | 16,424 | 68,011 |
| Finance lease liabilities | 30,117 | 124,788 | 30,117 | 124,713 |
| Revolving credit | - | 150,000 | - | 150,000 |
| **Unsecured** | | | | |
| Overdrafts | | | | 21,089 |
| Revolving credit | - | 12,000 | - | 42,000 |
| | 46,541 | 903,611 | 46,541 | 1,064,752 |
| **Non-current** | | | | |
| **Secured** | | | | |
| Term loans | - | 18,667 | - | 24,428 |
| Finance lease liabilities | - | - | - | - |
| Revolving credit | - | - | - | - |
| | - | 18,667 | - | 24,428 |
| **Total** | 46,541 | 922,278 | 46,541 | 1,089,180 |

Exchange rate (USD: MYR): USD1: MYR4.1435 USD1: MYR4.141

Source of reference: Bank Negara Malaysia Website

As at 30 June 2019, the total outstanding borrowings have reduced to RM922 million as compared to RM1.1 billion as at 31 December 2018 mainly due to repayment of sukuk bond of RM86.0 million, term loan of RM30.0 million and revolving credit of RM40.0 million.

Effective 2 July 2018, upon the issuance of the Standstill Letter by CDRC [refer Note B8 (ii)], PPB has not made any principal repayment that has fallen due up to 30 June 2019.

In addition, the Group has not met certain covenants of 3 term loans and the Sukuk bond with a total carrying amount of RM580.5 million as at 30 June 2019. As a result, the non-current portions of these term loans and Sukuk bond of RM406.1 million have been reclassified to current liabilities as at 30 June 2019.

The Sukuk bond, finance lease liabilities, MYR denominated term loans and revolving credits are based on floating interest rate whereas the USD denominated term loans are based on fixed interest rate.

**B10. Material litigations**

As at 16 August 2019, (not earlier than 7 days from the date of announcement of this interim financial report), our Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant except for the following:

On 22 June 2011, the Company filed a suit in the High Court against Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra, Wong Fook Heng, Tiong Young Kong, Lee Mee Jiong, TA Securities Holdings Berhad ("TASB"), Yap Hock Heng and TA First Credit Sdn Bhd ("TAFC") to claim for losses and damages suffered by the Company in respect of, inter alia, the divestment of 10,500,000 ordinary shares of RM0.50 each in Petra Energy Berhad ("PEB") by the Company on 10 September 2009 and the divestment of 48,800,000 ordinary shares of RM0.50 each in PEB by the Company as conducted by TA Securities Holdings Berhad and Yap Hock Heng on 11December 2009.

This suit was mounted on several causes of action, including breaches of fiduciary and statutory duties, accessory liability and conspiracy and the Company was seeking from the High Court, various declaratory reliefs, damages (general and/or fiduciary and/or aggravated) to be assessed, interest, account and disgorgement and costs.

On 7 September 2012, the Company filed notices of discontinuance pursuant to a negotiated settlement with TASB, Yap Hock Heng and TAFC, with no admission of liability and with no liberty to file afresh. In this connection, TASB had also agreed to discontinue their suit against the Company in relation to a claim of approximately RM2.8 million as placement fees due to them ("TASB Suit") with no admission of liability and with no liberty to file afresh. With the discontinuance of the TASB Suit, the Company had reversed the provisions made earlier.

The trial at the High Court ended on 26 April 2013 and oral submissions by respective counsels were made on 21 November 2013 and 28 November 2013. On 21 March 2014, the Company announced that the High Court gave its decision that the Company was unsuccessful in the Suit. On 17 April 2014, the Company filed a Notice of Appeal to the Court of Appeal on the decision of the Suit.

On 9 September 2014, the High Court made a decision on costs and ordered the Company to pay the Defendant Parties, a total cost of RM841,731. The High Court also ordered Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra to pay the Company the sum of RM192,780 with post judgement interest calculated at 5% per annum starting from 22 March 2014 ("Judgement Sum"). The earnings of the Group for the year ended 31 December 2014 was reduced by the differential sum of the total cost payable and the judgement sum receivable.

On 2 December 2014, the Court of Appeal fixed the hearing of the Appeal. This was subsequently adjourned and fixed to be heard on 11 March 2015.

The Appeal was heard on 11 March 2015 and 25 March 2015.

On 25 August 2015, the Company announced that the Court of Appeal had made the following judgements:

(i) the Company's appeal was allowed with costs against Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra, Wong Fook Heng and Tiong Young Kong;

(ii) the Company's appeal was dismissed with costs against Lee Mee Jiong; and

(iii) Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra's cross appeal was dismissed with costs.

**B10. Material litigations (Cont'd)**

On 23 September 2015, the Company received the Notices of Motion from the solicitors of Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra, Wong Fook Heng and Tiong Young Kong respectively, to apply for leave to appeal to the Federal Court against the decision of the Court of Appeal on 25 August 2015.

The Federal Court had on 1 March 2016 allowed the leave applications by the Applicants and the Applicants proceeded with the filing of the appeal papers for Case Management.

On 10 October 2016, Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra's, Wong Fook Heng's and Tiong Young Kong's appeals against the Company were partially heard by the Federal Court. The Federal Court fixed 18 October 2016 for the continued hearing which however did not take place on the said date. The Federal Court subsequently fixed 16 November 2016 as the continued hearing date.

However, on 8 November 2016, the Federal Court via a letter informed all the parties that the continued hearing scheduled on 16 November 2016 was converted to a Case Management and the new continued hearing date was fixed on 2 February 2017.

On 2 February 2017, the Federal Court had heard all of the parties for the continued hearing and deferred the decision to a later date.

On 14 December 2017, the Federal Court had unanimously allowed both of Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra and Wong Fook Heng & Tiong Young Kong's appeals ("the Appellants"), with costs in the amount of RM60,000 subject to 4% allocator for each appeal, to be paid by the Company to the Appellants. The Federal Court also held that the Court of Appeal's order dated 25 August 2015 to be set aside and that the High Court Judgement dated 21 March 2014 to be reinstated.

On 6 February 2018, the Company received an instruction letter from the Appellants' solicitor to pay a sum of approximately RM459,000. The Company had fully settled the sum accordingly.

On 8 March 2018, the Company received another instruction letter from the solicitor of Wong Fook Heng and Tiong Young Kong to pay a sum of approximately RM112,400. The Company had fully settled the sum accordingly.

On 3 September 2018, the Industrial Court via a deed of release and settlement informed Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra and the Company, of a sum of RM500,000 to be paid by the latter to the former to resolve and fully settle out of court, all matters in connection to the Claim.

Subsequent to the final settlement of the suit, Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra, Datin Che Nariza Hajjar Hashim, Wong Fook Heng and Tiong Young Kong (the "Plaintiffs") filed a claim on 7 August 2018 for indemnification of legal fees they have incurred in defending the prior suits (and the appeals emanated therefrom) brought by the Company against them.

On 29 May 2019, the High Court has allowed the Plaintiff's claim against the Company for the cost incurred on an indemnity basis in defending the suits (and the appeals emanated therefrom) since 2009. The total amount to be paid by the Company to the Plaintiffs including the costs and the allocator fee is RM2,652,447.13. The Company has accrued and accounted for the said amount in the current quarter under review,

On 27 June 2019, the Company has filed a notice of appeal to the Court of Appeal against the decision made by the High Court. The case management hearing for this appeal is scheduled to take place on 13 August 2019.

**B11. Dividend**

No dividend was proposed or declared during the quarter under review.

**B12. Earnings per share**

| **Basic earnings per share** | Current Quarter Ended 30-Jun-19 | Corresponding Quarter Ended 30-Jun-18 | Cumulative Period Ended 30-Jun-19 | Corresponding Period Ended 30-Jun-18 |
|---|---|---|---|---|
| Profit for the period attributable to Owners of the Company (RM'000) | 55,090 | 38,853 | 50,955 | 17,744 |
| Weighted average number of ordinary shares in issue ('000) | 964,810 | 964,810 | 964,810 | 964,810 |
| Basic earnings per share (sen) | 5.71 | 4.03 | 5.28 | 1.84 |

**B13. Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 August 2019.