ICON OFFSHORE BERHAD

(984830-D) (Incorporated in Malaysia)

QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

ICON OFFSHORE BERHAD (984830-D)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

The Board of Directors of Icon Offshore Berhad ("ICON" or "the Group") is pleased to announce the following unaudited condensed consolidated financial statements for the fourth quarter and period ended 31 December 2014 which should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
		CURRENT QUARTER ENDED (UNAUDITED)	CORRESPONDING QUARTER ENDED (UNAUDITED)	CURRENT YEAR ENDED (UNAUDITED)	CORRESPONDING YEAR ENDED (AUDITED)
	Note	**31.12.2014**	**31.12.2013**	**31.12.2014**	**31.12.2013**
		RM	**RM**	**RM**	**RM**
Revenue	**15.1.(i)**	77,090,096	86,531,114	318,877,129	334,863,365
Cost of sales		(47,618,594)	(39,936,507)	(160,094,807)	(162,890,065)
Gross profit	**15.1.(ii)**	29,471,502	46,594,607	158,782,322	171,973,300
Other income		686,723	(1,789,836)	7,044,242	2,205,092
Administrative expenses	**15.1.(iii)**	(7,304,694)	(11,321,770)	(47,458,467)	(30,942,820)
Other expenses	**15.1.(iv)**	(4,521,667)	(43,346,961)	(11,758,667)	(68,172,361)
Profit/(loss) from operations		18,331,864	(9,863,960)	106,609,430	75,063,211
Finance costs		(9,142,447)	(15,988,133)	(50,245,092)	(57,508,370)
Share of profit/(loss) from a Joint Venture		45,743	-	36,119	-
Profit/(loss) before taxation		9,235,160	(25,852,093)	56,400,457	17,554,841
Taxation	**15.1.(v)**	3,693,601	112,202,402	2,953,682	96,046,223
Profit/ Total comprehensive income for the quarter/year	**15.1.(vi)**	12,928,761	86,350,309	59,354,139	113,601,064
Attributable to : Equity holders of the Company		12,928,761	86,350,309	59,354,139	113,601,064
Earnings per share (sen)					
Basic	**25.1**	2.23	33.51	7.41	44.08
Diluted	**25.2**	n/a[1]	18.65	n/a[1]	26.08

[1] There were no dilutive effects following the conversion of the RCPS-i into ordinary shares on 23 May 2014.

ICON OFFSHORE BERHAD (984830-D)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited As at 31.12.2014 RM	Audited As at 31.12.2013 RM
Non-current assets		
Property, plant and equipment	1,378,423,051	1,203,594,345
Investment in a joint venture	4,077,642	-
Intangible assets	183,775,348	195,534,015
Deferred tax assets	45,222,540	41,304,539
	1,611,498,581	1,440,432,899
Current assets		
Trade and other receivables	93,080,049	86,573,415
Inventories	1,516,377	1,376,028
Tax recoverable	807,515	32,156
Cash and bank balances	74,818,205	47,302,793
	170,222,146	135,284,392
Less: Current liabilities		
Trade and other payables	30,452,828	33,855,806
Amount due to immediate holding company	-	52,650,100
Borrowings	123,710,149	402,642,169
Taxation	-	2,750,326
	154,162,977	491,898,401
Net current assets/(liabilities)	16,059,169	(356,614,009)
Less: Non current liabilities		
Trade and other payables	-	1,582,775
Borrowings	545,229,859	700,609,805
Deferred tax liabilities	1,721,533	2,262,333
	546,951,392	704,454,913
	1,080,606,358	379,363,977
Equity attributable to equity holders of the Company		
Share capital	588,592,550	257,720,050
Share premium	311,210,080	-
Foreign currency translation reserves	(194,338)	-
Retained earnings	180,998,066	121,643,927
Total equity	1,080,606,358	379,363,977

ICON OFFSHORE BERHAD (984830-D)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Issued and fully paid ordinary shares of RM0.50 each		Attributable to equity holders of the Company			
	Number of shares	Share Capital	Share Premium	Forex Reserve	Retained earnings	Total equity
		RM	RM	RM	RM	RM
At 1 January 2014	257,720,050	257,720,050	-		121,643,927	379,363,977
Ordinary Shares split to RM0.50 each	257,720,050	-	-	-	-	-
Ordinary shares issued pursuant to Public Issue	221,745,000	110,872,500	-	-	-	110,872,500
Share Premium on ordinary shares pursuant to Public Issue	-	-	299,355,750	-	-	299,355,750
Listing expenses capitalised	-	-	(8,115,445)	-	-	(8,115,445)
Redeemable Cumulative Shares-Islamic ("RCPS-i") conversion to Ordinary Shares	440,000,000	220,000,000	19,969,775	-	-	239,969,775
Foreign currency translation differences	-	-	-	(194,338)	-	(194,338)
Total comprehensive income for the financial year	-	-	-	-	59,354,139	59,354,139
As at 31 December 2014	1,177,185,100	588,592,550	311,210,080	(194,338)	180,998,066	1,080,606,358

	Issued and fully paid ordinary shares of RM1.00 each					
	Number of shares	Share Capital	Share Premium	Forex Reserve	Retained earnings	Total equity
		RM	RM	RM	RM	RM
As at 1 January 2013	257,720,050	257,720,050	-	-	8,042,863	265,762,913
Total comprehensive income for the financial year	-	-	-	-	113,601,064	113,601,064
As at 31 December 2013	257,720,050	257,720,050	-	-	121,643,927	379,363,977

ICON OFFSHORE BERHAD (984830-D)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED (UNAUDITED) 31.12.2014	YEAR ENDED (AUDITED) 31.12.2013
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	56,400,457	17,554,841
Adjustments for:		
Amortisation of intangible assets	11,758,667	19,388,000
Depreciation of property, plant and equipment	56,371,975	48,992,701
(Gain)/ loss on disposal of property, plant and equipment	(4,669,025)	446,717
Gain on disposal of asset held for sale	-	(1,360,520)
Impairment of assets held for sale	-	2,010,000
Impairment of property, plant and equipment	-	46,774,361
Impairment of receivables	-	4,208,119
Interest expense	50,245,092	57,508,370
Interest income	(3,662,975)	(469,069)
Property, plant and equipment written off	-	60,921
Unrealised loss on foreign exchange	218,233	756,214
Reversal of impairment of receivables	-	(1,745,393)
Operating profit before working capital changes	166,662,423	194,125,262
Changes in working capital:		
Inventories	(140,349)	(904,594)
Receivables	(3,784,495)	32,885,483
Payables	6,831,331	(30,253,912)
Cash generated from operations	169,568,911	195,852,239
Tax paid	(5,225,140)	(3,399,043)
Net cash generated from operating activities	164,343,771	192,453,196
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(260,644,166)	(274,637,416)
Proceeds from disposal of assets held for sale	-	39,175,601
Proceeds from disposal of property, plant and equipment	24,774,460	20,919,448
Investment in joint venture	(4,077,642)	-
Net cash used in investing activities	(239,947,348)	(214,542,367)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from issuance of ordinary shares (net of IPO expenses)	401,236,231	-
Drawdown of borrowings (net of transaction cost)	73,705,450	214,668,539
Advance from immediate holding company	-	12,200,000
Repayment of amount due to immediate company	(51,880,000)	(3,600,000)
Interest received	3,662,975	469,069
Preferences Shares Series A (“RCCPS Series A”)	-	(11,722,022)
Repayment of finance lease liabilities	(36,786)	(12,000)
Repayment of borrowings	(278,293,154)	(146,751,908)
Interest paid	(45,769,281)	(49,946,796)
Decrease in fixed deposits pledged	2,423,303	261,874
Net cash generated from financing activities	105,048,738	15,566,756
Exchange (loss)/ gain on cash and bank balances	4,717	135,220
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	29,449,878	(6,387,195)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	YEAR ENDED (UNAUDITED) 31.12.2014	YEAR ENDED (AUDITED) 31.12.2013
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	40,111,396	46,498,591
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	69,561,274	40,111,396
Deposits pledged	5,256,931	7,191,397
TOTAL CASH AND BANK BALANCES AT THE END OF THE YEAR	74,818,205	47,302,793

The RCPS-i that were mandatorily converted into ordinary shares on 23 May 2014 is a non-cash transaction.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

PART A – EXPLANATORY NOTES PURSUANT TO

MALAYSIAN FINANCIAL REPORTING STANDARD 134

1. BASIS OF PREPARATION

The unaudited quarterly report has been prepared in accordance with the requirements of MFRS 134, “Interim Financial Reporting”, paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad Main Market Listing Requirement (“Bursa Securities Listing Requirements”) and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013.

The significant accounting policies and methods adopted for the unaudited condensed financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2013 except for the adoption of the following standard during the year.

- MFRS 128 “Investment in Associates and Joint Ventures”
- MFRS 11 “Joint Arrangements”

The Group has applied MFRS 11 to its joint arrangement as of 1 January 2014. Under MFRS 11 investments in Joint Arrangements are classified either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangement and determined it to be a joint venture and is accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group’s share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Group’s net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group’s interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The adoption of the following MFRSs and Amendments to MFRSs that came into effect on 1 January 2014 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

- Amendments to MRFS 10, MFRS 12 and MFRS 127: Investment Entities
- Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21 Levies (effective from 1 January 2014)

MFRSs and amendments to MFRSs that are applicable to the Group but not yet effective

Malaysian Accounting Standards Board had issued the following new standards and amendments to standards which are effective for the financial period beginning on or after 1 January 2015. The Group did not early adopt these new standards, amendments and improvements to published standards.

- MFRS 9 Financial Instruments (effective from 1 January 2018)
- MFRS 15 Revenue from Contracts with Customers (effective from 1 January 2017)
- Amendments to MFRS 101 Disclosure Initiative (effective from 1 January 2016)
- Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation (effective from 1 January 2016)
- Annual Improvements to MFRSs 2010-2012 Cycle (effective from 1 July 2014)
- Annual Improvements to MFRSs 2011-2013 Cycle (effective from 1 July 2014)
- Annual Improvements to MFRSs 2012-2014 Cycle (effective from 1 January 2016)

PART A – EXPLANATORY NOTES PURSUANT TO

MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)

2. SEASONAL/CYCLICAL FACTORS

The principal activities of the Group are vessel owning/leasing and provision of vessel chartering and ship management services to oil and gas related industries.

The Group services are generally dependent on the level of activity of oil and gas companies, which may be affected by volatile oil and natural gas prices as well as the cyclicality in the offshore drilling and oilfield services industries.

3. UNUSUAL ITEMS

3.1 The Group presents selected adjusted financial information or components of the Group unaudited condensed consolidated statements of comprehensive income for the quarter and year ended 31 December 2014 to take into account certain exceptional items in Part C - Adjustments to Selected Financial Information.

Save for matter highlighted above there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group in the quarter and year ended 31 December 2014.

4. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in the prior financial year that have a material effect in the quarter and year ended 31 December 2014.

5. DEBT AND EQUITY SECURITIES

The Company completed a subdivision of every one ordinary share of RM1.00 each into two subdivided shares of RM0.50 each in the Company on 21 May 2014. Pursuant to the conversion in full of all the outstanding RCPS-i, 440,000,000 new ordinary shares of RM0.50 each to the RCPS-i holders on 23 May 2014, the ordinary paid shares of the Company increased from 257,720,050 to 955,440,100. Correspondingly, the RCPS-i interest payable amounted to RM20.0 million has been converted to share premium.

ICON was listed on the Main Market of Bursa Malaysia Securities Berhad on 25 June 2014 with new 221,745,000 Issue Shares.

Save for the above, there were no other issuance, repurchase and repayment of debt and equity securities by the Group during the financial year ended 31 December 2014.

6. DIVIDEND PAID

There was no dividend paid by the Group during the quarter ended 31 December 2014.

7. SEGMENT RESULTS AND REPORTING

7.1 Reportable Segment

No segmental analysis is prepared as the Group is organised as a single integrated business operations comprising the vessel owning/leasing activities and provision of vessel chartering and ship management services to oil and gas and related industries. These integrated activities are known as the offshore support vessel (“OSV”) operations. The Group as a whole is regarded as an operating segment. In making decisions about resource allocation and performance assessment, key management regularly reviews the financial results of the Group as a whole. Hence, the information that is regularly provided to the key management is consistent with that presented in the financial statements.

7.2 Geographical Information

The Group's operations are carried out predominantly in Malaysia. Revenue earned by the Group analysed by the location of its external customers is as follows:

	INDIVIDUAL QUARTER				CUMULATIVE PERIOD			
	CURRENT QUARTER ENDED 31.12.2014		CORRESPONDING QUARTER ENDED 31.12.2013		CURRENT YEAR ENDED 31.12.2014		CORRESPONDING YEAR ENDED 31.12.2013	
	%	RM	%	RM	%	RM	%	RM
Revenue								
Malaysia	81%	62,324,756	92%	79,663,077	88%	280,499,349	92%	306,872,670
Others	19%	14,765,340	8%	6,868,037	12%	38,377,780	8%	27,990,695
Total	100%	77,090,096	100%	86,531,114	100%	318,877,129	100%	334,863,365

7.3 Services

The Group's revenue mainly comprise charter hire income from vessels where it is recognised upon rendering of services to customers over the term of the charter hire contract, which applies to both charter hire income from our own vessels and from vessels that the Group charter as forerunner.

Breakdown of revenue is as follows:

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED 31.12.2014	CORRESPONDING QUARTER ENDED 31.12.2013	CURRENT YEAR ENDED 31.12.2014	CORRESPONDING YEAR ENDED 31.12.2013
	RM	RM	RM	RM
Analysis of revenue by category:				
- Charter hire own vessel	70,514,780	79,714,572	291,081,276	276,093,961
- Charter hire of forerunner vessels	-	1,746,816	6,481,381	41,995,700
	70,514,780	81,461,388	297,562,657	318,089,661
- Others [(1)]	6,575,316	5,069,726	21,314,472	16,773,704
	77,090,096	86,531,114	318,877,129	334,863,365

Note
[(1)] *Others comprise income from the hire of third party vessels which are recognised net of charter-in cost, i.e. third party arrangement, ship management fees, revenue from costs chargeable to clients during the charter hire and income from technical services.*

8. CHANGES IN THE COMPOSITION OF THE GROUP

On 29 April 2014, OMNI Fleet Sdn. Bhd., subsidiary of the Company has been de-registered from the Companies Commission of Malaysia.

On 30 April 2014, ICON-FOB Holdings (L) Inc., a subsidiary of the Company has issued 1,199,999 new shares of which 611,999 shares being allotted to ICON Fleet Sdn. Bhd. and 588,000 shares to FOB Swath Malaysia AS. The Company's effective interest in ICON-FOB Holdings (L) Inc. upon the issuance of new shares reduced from 100% as at 31 March 2014 to 51%.

On 23 June 2014, a wholly owned subsidiary, ICON Bahtera (B) Sdn. Bhd. was incorporated in Brunei.

9. CAPITAL COMMITMENTS

The Group's capital commitments not provided for in the interim financial statements as at the end of the quarter are as follows:

	AS AT 31.12.2014 RM	AS AT 31.12.2013 RM
Approved and contracted capital expenditure commitments	279,402,000	237,772,423
Approved but uncontracted capital expenditure commitments	-	-
Total	279,402,000	237,772,423

10. SIGNIFICANT RELATED PARTY DISCLOSURES

Parties are considered related if the party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The related parties of, and their relationships with the Company, are as follows:

Related parties	Relationship
Yayasan Ekuiti Nasional	Ultimate holding foundation
E-Cap (Internal) One Sdn. Bhd.	Intermediate holding company
Hallmark Odyssey Sdn. Bhd.	Immediate holding company
Icon Ship Management Sdn. Bhd. ("ICON Ship")	Subsidiary
Icon Fleet Sdn. Bhd. ("ICON Fleet")	Subsidiary
Icon Offshore Group Sdn. Bhd.	Subsidiary

10.1 Significant related party balances

Included in the Group's statements of financial position are the following significant related party balances arising from normal business transactions:

	AS AT 31.12.2014 RM	AS AT 31.12.2013 RM
Amount due to immediate holding company	-	52,650,100

10.2 Significant related party transactions

The related party transaction described below was carried out based on terms and conditions agreed with the related party.

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	QUARTER ENDED	CORRESPONDING QUARTER ENDED	CURRENT YEAR ENDED	CORRESPONDING YEAR ENDED
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM	RM	RM	RM
Interest expense to immediate holding company	-	685,170	1,378,911	1,766,334

The transactions have been entered into in the normal course of business at terms mutually agreed between the parties.

Apart from the transaction disclosed above, the Group have entered into transactions that are collectively, but not individually significant with other government-related entities. These transactions include vessel chartering, drydocking expenditure and repairs and maintenance. They are conducted in the ordinary course of the Group's on terms consistently applied in accordance with the Group's internal policies and processes.

11. FAIR VALUE MEASUREMENTS

The table below shows the carrying amounts and fair value of the borrowings, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the borrowings are estimated using the income approach, by discounting the cash flows based on the market interest rates of a comparable instrument. This is a Level 2 fair value measurement.

	Carrying amount		Fair Value	
	AS AT 31.12.2014	AS AT 31.12.2013	AS AT 31.12.2014	AS AT 31.12.2013
	RM	RM	RM	RM
Fixed rate term loans	190,259,766	244,264,507	190,220,427	244,964,293
RCPS-i	-	235,600,000	-	235,600,000

12. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment during the financial year ended 31 December 2014. As at 31 December 2014, all property, plant and equipment were stated at cost less accumulated depreciation and impairment losses.

13. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There were no material events subsequent to the end of the financial year up to the date of this report.

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 31 December 2014, the Group did not have any contingent liabilities or assets.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS

15. ANALYSIS OF PERFORMANCE

15.1 Review of performance for the current quarter (Quarter ended 31 December 2014) against the corresponding quarter (Quarter ended 31 December 2013):

(i) Revenue

Revenue decreased by RM9.5 million or 10.9%, from RM86.5 million for the quarter ended 31 December 2013 to RM77.0 million for the quarter ended 31 December 2014. The decreased was primarily due to lower forerunner charter and lower fleet utilisation at 76.1% for the quarter ended 31 December 2014 as compared to 86.9% for the quarter ended 31 December 2013, arising from lower demand and lower activities in oil and gas industry. However, this was partly offset by contribution from new assets which includes Anchor Handling Tug and Supply (“AHTS”) vessel and Accommodation Work Boat (“AWB”).

(ii) Gross profit

The cost of sales increased by RM7.7 million or 19.3%, from RM39.9 million for the quarter ended 31 December 2013 to RM47.6 million for the quarter ended 31 December 2014, primarily due to the increased in crew cost, repair and maintenance, bunkering and depreciation arising from fleet expansion.

Consequently, the Group’s gross profit decreased by RM17.1 million or 36.7%, from RM46.6 million for the quarter ended 31 December 2013 to RM29.5 million for the quarter ended 31 December 2014.

(iii) Administrative expenses

The administrative expenses decreased by RM4.0 million or 35.4%, from RM11.3 million for the quarter ended 31 December 2013 to RM7.3 million for the quarter ended 31 December 2014 primarily due to reversal of over accruals.

(iv) Other expenses

Other expenses decreased by RM38.8 million or 89.6%, from RM43.3 million for the quarter ended 31 December 2013 to RM4.5 million for the quarter ended 31 December 2014, mainly due impairment of asset made during the previous quarter whilst none was required for the current quarter. In the quarter ended 31 December 2013, the Group has recorded an impairment of RM38.5 million as part of an overall review of the Group fleet under Group strategic consolidation.

15. ANALYSIS OF PERFORMANCE (continued)

15.1. Review of performance for the current quarter (Quarter ended 31 December 2014) against the corresponding quarter (Quarter ended 31 December 2013) (continued):

(v) Taxation

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED 31.12.2014	CORRESPONDING QUARTER ENDED 31.12.2013	CURRENT YEAR ENDED 31.12.2014	CORRESPONDING YEAR ENDED 31.12.2013
	RM	RM	RM	RM
Current tax	303,876	(2,525,264)	1,470,616	5,881,212
Deferred tax	(3,997,477)	(109,677,138)	(4,424,298)	(101,927,435)
Tax (credit)/ expense for the financial period/ year	(3,693,601)	(112,202,402)	(2,953,682)	(96,046,223)
Effective tax rate	(29%)	(434%)	(5%)	(547%)

The effective tax rate for the current quarter and year ended 31 December 2014 is lower than the statutory tax rate of 25% mainly due to the recognition of deferred tax assets arising from the capital allowances claimed on property, plant and equipment upon the finalisation of the tax computation for YA2013 in the current quarter and the lower tax rate applicable to income from our vessel leasing subsidiaries being Malaysian tax residents incorporated in Labuan following the internal reorganisation which entails transfer of 16 of our vessels to newly-incorporated Labuan subsidiaries and was completed in quarter ended 31 December 2013.

Pursuant to the internal organisation, the Group has transferred certain vessels from its wholly owned subsidiaries, Icon Ship Management Sdn. Bhd. and Omni Triton Sdn. Bhd. to newly incorporated Labuan subsidiaries of Icon Fleet Sdn. Bhd. and disposed of a non-offshore support vessel. The transfer and disposal of the vessels gave rise to a net deferred tax credit of RM100,357,804 for financial year ended 31 December 2013. None was required for the current year.

(vi) Profit after taxation

As a result of the foregoing, profit after taxation decreased by RM73.5 million or 85.1%, from RM86.4 million for the quarter ended 31 December 2013 to RM12.9 million for the quarter ended 31 December 2014.

15.2. Review of performance for the current year ended 31 December 2014 against the corresponding year ended 31 December 2013:

(i) Revenue

Revenue decreased by RM16.0 million or 4.8%, from RM334.9 million for the year ended 31 December 2013 to RM318.9 million for the year ended 31 December 2014. The decreased was primarily due to lower forerunner charter in revenue business, decrease in fleet utilisation rate upon completion of contracts and delay of awards for subsequent contract during the current year. The Group recorded utilisation of 78.2 % for the year ended 31 December 2014 as compared to 84.6% for the year ended 31 December 2013, due to lower demand and lower activities in oil and gas industry towards the end of the current year. However, this was partly offset by contribution from new assets which includes Anchor Handling Tug and Supply (“AHTS”) vessel and Accommodation Work Boat (“AWB”) and increase in other income from technical and consultancy fees.

(ii) Gross profit

The cost of sales decreased by RM2.8 million or 1.7%, from RM162.9 million for the year ended 31 December 2013 to RM160.1 million for the year ended 31 December 2014, primarily as a result of the decreased in the charter-in forerunner vessel rental by RM31.5 million, offset by the increased in crew cost, repair and maintenance and depreciation arising from fleet expansion.

Consequently, the Group's gross profit decreased by RM13.2 million or 7.7%, from RM172.0 million for the year ended 31 December 2013 to RM158.8million for the period ended 31 December 2014.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE

BURSA SECURITIES LISTING REQUIREMENTS (continued)

15. ANALYSIS OF PERFORMANCE (continued)

15.2. Review of performance for the current year ended 31 December 2014 against the corresponding year ended 31 December 2013(continued):

(iii) Administrative expenses

The administrative expenses increased by RM16.6 million or 53.7%, from RM30.9 million for the year ended 31 December 2013 to RM47.5 million for the year ended 31 December 2014 primarily due to IPO related expenses incurred amounted to RM14.6 million and higher corporate cost arising from increased in headcounts such as technical staff to support fleet expansion and staff to ensure listed company readiness.

(iv) Other expenses

Other expenses decreased by RM56.4 million or 82.7%, from RM68.2 million for the year ended 31 December 2013 to RM11.8 million for the year ended 31 December 2014, mainly due to the decreased in the amortisation expenses for intangible assets relating to charter contracts acquired as part of the acquisition of ICON Ship and ICON Fleet during the financial year ended 31 December 2012, which decreased over time as the contracts expire and no impairment was made during the current year under review. In the year ended 31 December 2013, the Group has recorded an impairment of RM48.8 million as part of an overall review of the Group fleet under Group strategic consolidation.

(v) Profit after taxation

Pursuant to the internal organisation, the Group has transferred certain vessels from its wholly owned subsidiaries, Icon Ship Management Sdn. Bhd. and Omni Triton Sdn. Bhd. to newly incorporated Labuan subsidiaries of Icon Fleet Sdn. Bhd. and disposed of a non-offshore support vessel. The transfer and disposal of the vessels gave rise to a net deferred tax credit of RM100,357,804 for financial year ended 31 December 2014.

As a result of the foregoing, profit after taxation decreased by RM54.2 million or 47.7%, from RM113.6 million for the year ended 31 December 2013 to RM59.4 million for the year ended 31 December 2014.

15.3. Review of performance for the current quarter (Quarter ended 31 December 2014) against the preceding quarter (Quarter ended 30 September 2014):

The Group's revenue marginally decreased from RM79.7 million for the quarter ended 30 September 2014 to RM77.1 million for the quarter ended 31 December 2014, mainly due to lower utilisation of Anchor Handling Tug and Supply ("AHT") vessels and Platform Supply Vessels ("PSV") due to seasonal factor and completion of contract.

Profit after tax decreased by RM6.0 million or 31.8% from RM18.9 million for the quarter ended 30 September 2014 to RM12.9 million for the quarter ended 31 December 2014 mainly due to lower revenue including other income and higher operational cost in quarter ended 31 December 2014 .

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE

BURSA SECURITIES LISTING REQUIREMENTS (continued)

16. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2015

The upstream exploration and production activities in Malaysia is expected to continue to underpin the demand for OSV. The current challenging market condition resulting from the geopolitical environment, recent drastic weakening in the crude oil prices since middle of October 2014, coupled with the cost optimisation initiatives by oil companies is expected to impact the demand for OSV.

Whilst the industry outlook is expected to remain soft, a significant portion of the Group's orderbook are long term (more than one year) in nature, providing the Group with cash flow stability and earnings visibility.

The Group remains focused to ensure its utilisation rate is maintained through aggressively tendering for domestic and regional work and maintaining its competitiveness.

In view of this, the Board of Directors remain optimistic that the Group is able to sustain its profitability levels for the financial year 2015.

17. PROFIT FORECAST

Not applicable as the Group did not publish any profit forecast.

18. QUALIFICATION OF PRECEDING AUDITED ANNUAL FINANCIAL STATEMENTS

There was no qualification to the preceding audited annual financial statements for the financial year ended 31 December 2013.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

19. PROFIT BEFORE TAX

Profit before taxation is stated after charging/(crediting):

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED 31.12.2014 RM	CORRESPONDING QUARTER ENDED 31.12.2013 RM	CURRENT YEAR ENDED 31.12.2014 RM	CORRESPONDING YEAR ENDED 31.12.2013 RM
Amortisation of intangible assets	4,521,667	4,847,000	11,758,667	19,388,000
Depreciation of property, plant and equipment	14,870,518	11,461,464	56,371,975	48,992,701
Impairment of property, plant and equipment	-	38,499,961	-	48,784,361
Impairment of receivables	234,318	4,208,119	234,318	4,208,119
Gain on disposal of OSV/ non-OSV	-	(24,123)	(4,622,511)	(913,803)
Unrealised loss/(gain) on foreign exchange	110,112	(195,266)	218,233	756,214
Interest income	(3,120,000)	(272,465)	(3,662,975)	(469,069)
Interest expense	9,142,446	15,988,132	50,245,092	57,508,370
Realised (gain)/loss on foreign exchange	(297,495)	405,476	(458,562)	(838,671)
Reversal of impairment of receivables	(2,106,761)	(1,579,109)	(2,106,761)	(1,745,393)
IPO related expenses	(774,202)	-	14,640,005	-
Transaction costs written off	809,000	-	5,248,176	-
Income in relation to disposal of non-OSV	-	-	-	(2,022,320)

Other than as presented in the condensed consolidated statements of comprehensive income and as disclosed above, there were no impairment of assets or any other exceptional items for the current quarter under review.

20. STATUS OF CORPORATE PROPOSALS ANNOUNCED

i. Initial Public Offering

The Company was listed on the Main Market of Bursa Malaysia Securities Berhad on 25 June 2014 after an Offer for Sale of approximately 289.02 million Offer Shares and the Public Issue of approximately 221.75 million Issue Shares ("IPO"). Total gross proceeds of approximately RM410.23 million were raised from the IPO.

ii. Utilisation of IPO proceeds

	As per Prospectus				
Details of utilisation	**Allocation RM' million**	**%**	**Utilisation up to the reporting date RM' million**	**Balance unutilised RM' million**	**Balance unutilised %**
Expansion of vessel fleet	166.20	40.5%	(149.38)	16.82	69%
Repayment of bank borrowings	124.00	30.2%	(124.00)	-	0%
Repayment of Advances from Hallmark	54.45	13.3%	(54.43)	0.02	0%
Working capital	42.58	10.4%	(34.98)	7.60	31%
Listing expenses	23.00	5.6%	(23.00)	-	0%
	410.23	100%	(385.79)	24.44	

Reference to announcement dated 8 August 2014, the temporary utilisation of IPO proceeds for the acquisition of a vessel amounted to RM85.8 million is included in the utilisation of expansion of vessel fleet in the above summary.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

21. BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds from drawdown (net of transaction costs) amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

	AS AT 31.12.2014 RM	AS AT 31.12.2013 RM
Short term:		
Secured		
Bank borrowings		
- term loans	123,648,582	126,503,128
- revolving credit	-	40,466,802
Finance lease liabilities	61,567	72,239
Unsecured		
RCPS-i	-	235,600,000
	123,710,149	402,642,169
Long-term:		
Secured		
Bank borrowings - term loans	545,229,859	700,502,513
Finance lease liabilities	-	107,292
	545,229,859	700,609,805
Total borrowings	**668,940,008**	**1,103,251,974**

Note:
Total term loan denominated in USD is USD3.0 million (equivalent to RM10.7 million), with USD0.8 million (equivalent to RM2.9 million) being secured short-term portion and USD2.2 million (equivalent to RM7.9 million) as secured long-term portion.

As at 31 December 2014, the Group have provided bank guarantees, tender bonds and bid bonds amounting to RM18.8 million primarily due to the tendering of new contracts and as financial guarantee for the performance of our charter contracts by our subsidiaries and corporate guarantees for loan obtained by our subsidiaries.

22. DERIVATIVE FINANCIAL INSTRUMENTS

The Group does not have any derivative financial instruments for the quarter ended 31 December 2014.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

23. DISCLOSURE OF REALISED AND UNREALISED RETAINED PROFITS

The following analysis is prepared in accordance with Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the context of disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

The breakdown of retained profits of the Group as at the balance sheet date, into realised and unrealised profits, pursuant to the directive, is as follows:

	AS AT 31.12.2014	AS AT 31.12.2013
	RM	RM
Total retained profits of the Company and its subsidiaries:		
- Realised	397,986,118	334,869,565
- Unrealised	43,282,774	38,285,992
	441,268,892	373,155,557
Total share accumulated loss from jointly controlled entity:		
- Realised	36,119	-
	441,305,011	373,155,557
Less: Consolidation adjustments	(260,306,945)	(251,511,630)
Total retained profit as per consolidated accounts	180,998,066	121,643,927

The unrealised retained profits comprise mainly the deferred tax provision.

24. CHANGES IN MATERIAL LITIGATION

There are no material litigations pending as at the date of this report.

25. EARNINGS PER SHARE

25.1 Basic EPS

The basic EPS has been calculated based on the consolidated profit attributable to equity holders of the Company and divided by the weighted number of ordinary shares in issue.

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED 31.12.2014	CORRESPONDING QUARTER ENDED 31.12.2013	CURRENT YEAR ENDED 31.12.2014	CORRESPONDING YEAR ENDED 31.12.2013
Profit attributable to equity holders (RM)	12,928,761	86,350,309	59,354,139	113,601,064
Weighted average number of ordinary shares in issue	579,069,083	257,720,050	801,348,355	257,720,050
Basic EPS (sen)	2.23	33.51	7.41	44.08

25.2 Diluted EPS

The diluted EPS has been calculated based on the consolidated profit for the financial quarter attributable to equity holders of the Company and divided by the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has one category of dilutive potential ordinary shares, which is the RCPS-i for the quarter ended 30 September 2013. The convertible preference shares are assumed to have been converted into ordinary shares and the net profit is adjusted to eliminate the interest expense less tax effect. The conversion of the RCPS-i into ordinary shares was completed on 23 May 2014.

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED 31.12.2014	CORRESPONDING QUARTER ENDED 31.12.2013	CURRENT YEAR ENDED 31.12.2014	CORRESPONDING YEAR ENDED 31.12.2013
Profit attributable to equity holders (RM)	n/a	86,350,309	n/a	113,601,064
Profit rate on RCPS-i (RM, net of tax)	n/a	2,750,000	n/a	11,000,000
Profit used to determine diluted EPS (RM)	n/a	89,100,309	n/a	124,601,064
Weighted average number of ordinary shares in issue	n/a	257,720,050	n/a	257,720,050
Adjustment for : Assumed conversion of RCPS-i	n/a	220,000,000	n/a	220,000,000
Weighted average number of ordinary shares for diluted EPS	n/a	477,720,050	n/a	477,720,050
Diluted EPS (sen)	n/a[1]	18.65	n/a[1]	26.08

[2] n/a denotes "not applicable" as there were no dilutive ordinary shares.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

26. MATERIAL EVENTS SUBSEQUENT TO THE QUARTER ENDED 31 DECEMBER 2014

There is no material events subsequent to the quarter ended 31 December 2014.

PART C – ADJUSTMENTS TO SELECTED FINANCIAL INFORMATION

27. The Group presents selected adjusted financial information or components of the Group unaudited condensed consolidated statements of comprehensive income for the quarter ended 31 December 2014 and 31 December 2013, adjusting for certain exceptional items in line with the Group's Prospectus dated 30 May 2014 ("Prospectus"), as described below ("Adjustments") which arose as a result of the following events:

1. the acquisition of ICON Ship which was completed on 20 July 2012 and the acquisition of ICON Fleet which was completed on 28 September 2012; and

2. the strategic consolidation and review of our business plan in consequence of the strategic consolidation.

27.1 This section is to provide a better and fairer understanding of our financial performance as well as the trends relating thereto, and should be read in conjunction with the Prospectus.

(i) Adjustments relating to the acquisition of ICON Ship and acquisition of ICON Fleet

(a) Amortisation of intangible assets relating to acquired charter contracts

ICON is required to recognise all the identifiable assets and liabilities of ICON Fleet and ICON Ship, based on a purchase price allocation exercise as at the acquisition date of the acquisition of ICON Ship and acquisition of ICON Fleet. The purchase price allocation exercise includes measurement of the assets and liabilities that were not previously recognised by ICON Ship and ICON Fleet such as intangible assets and also to measure the identifiable assets and liabilities at their respective fair values.

Based on the purchase price allocation exercise for the acquisition of ICON Ship and acquisition of ICON Fleet, the charter contracts of ICON Ship and ICON Fleet have been separately identified and measured at fair value, and have also been recognised as intangible assets on the respective acquisition dates. The fair value of the charter contracts is the present value of the net cash flows from the remaining contract period of the respective charter contracts as at the acquisition date after deducting the corresponding estimated operation costs. The acquired charter contracts have a finite useful life and the recognised fair value of these contracts is required to be amortised using a straight-line method over the remaining contract periods which range from one year to four years from acquisition date.

The Group do not expect to recognise additional intangible assets pursuant to these acquisitions. Also, given that the acquired charter contracts have a finite useful life, the carrying amount of the intangible assets relating to the acquired charter contracts of RM14.9 million as at 31 December 2013 is expected to be fully amortised by the fourth quarter of financial year ending 31 December 2015.

(b) RCPS-i profit rate

The RCPS-i were issued after the completion of the acquisition of ICON Ship and according to the terms of the RCPS-i, the RCPS-i will only be redeemed at 110% of its issue price if our Listing does not happen within two years from the date of issuance. In other words, the actual RCPS-i profit rate will only be payable in the event the RCPS-i are redeemed. Since all the RCPS-i were mandatorily converted into our Shares on 23 May 2014 following the receipt of all relevant authorities' approvals for our IPO, the profit rate on the RCPS-i was not payable in cash.

The accrued amount of the RCPS-i profit rate recognised in our financial statements has been reversed and reclassified to equity following the conversion of all the RCPS-i into Ordinary Shares on 23 May 2014.

PART C – ADJUSTMENTS TO SELECTED FINANCIAL INFORMATION (continued)

27.1 This section is to provide a better and fairer understanding of our financial performance as well as the trends relating thereto, and should be read in conjunction with the Prospectus. (continued)

(ii) Adjustments relating to the strategic consolidation and subsequent review of the Group business plan.

In consequent of the strategic consolidation, the Group undertook an overall review of our fleet whereupon the Group decided to focus on newer and higher specification OSV (being vessels with at least 5,000 BHP and above, and/or equipped with at least a DP2 system) which led to the divestment of our non-OSV, lower specification and older OSVs as well as an impairment assessment of these vessels and their related assets where an analysis was performed to assess whether the carrying amounts of these vessels and their related assets are higher or lower than their recoverable amount as follows:

a. Gain on disposal of non-OSV

For the current year ended 31 December 2014, the Group had disposed one (1) lower specification vessel and one (1) AHT vessel which gave rise to a net gain on disposal of RM4.6 million. In the corresponding year ended 31 December 2013, the Group had disposed one (1) non-OSV vessel and one (1) AHT vessel which gave rise to a net gain on disposal of RM1.3 million. The tax impact on disposal of the vessels amounted to RM3.1 million in year ended 31 December 2014 as compared to RM14.4 million in year ended 31 December 2013, arose from the taxable proceeds on the disposal.

b. Impairment of assets

The group recognised an impairment of RM48.7 million in the corresponding year ended 31 December 2013 for the impairment of seven (7) OSVs and well testing equipments, .

27.2 IPO Related Expenses

During the current period ended 31 December 2014:

(i) the Group incurred IPO related expenses amounted to RM14.6 million.

(ii) the Group utilised RM124 million of the IPO proceeds for repayment of bank borrowing. Refer to Section 17(ii). This has resulted to the transaction cost of the respective borrowing to be written off in accordance with accounting standards.

PART C – ADJUSTMENTS TO SELECTED FINANCIAL INFORMATION (continued)

27.3 The table below sets out our Group's PAT after excluding the abovementioned adjustments:

	INDIVIDUAL QUARTER		**CUMULATIVE PERIOD**	
	CURRENT QUARTER ENDED 31.12.2014	**CORRESPONDING QUARTER ENDED 31.12.2013**	**CURRENT YEAR TODATE 31.12.2014**	**CORRESPONDING YEAR TODATE 31.12.2013**
	RM	**RM**	**RM**	**RM**
PAT	12,928,761	86,350,309	59,354,139	113,601,064
Gain on disposal of OSV/ non-OSV	(46,514)	(470,840)	(4,669,025)	(1,360,520)
Other expenses:				
- Amortisation of intangibles assets	4,521,667	4,847,000	11,758,667	19,388,000
- Impairment of asset	-	38,499,961	-	48,784,361
Administrative expenses:				
IPO related:				
- IPO expenses	(774,202)	-	14,640,005	-
-Transaction costs written off	809,000	-	5,248,176	-
RCPS-i profit rate	-	2,750,000	4,346,668	11,000,000
Tax effect relating to:				
- Amortisation of intangibles assets	(1,130,417)	(1,211,250)	(2,939,667)	(4,847,000)
- Disposal of OSV/ non-OSV	3,091,390	3,366,000	3,091,390	14,391,000
- Transfer of vessels to Labuan subsidiaries	-	(111,383,000)	-	(111,383,000)
Adjusted PAT	19,399,685	22,748,180	90,830,353	89,573,905

a. Review of performance for the current quarter (Quarter ended 31 December 2014) against the corresponding quarter (Quarter ended 31 December 2013):

Adjusted PAT decreased by RM3.3 million or 14.5%, from RM22.7 million for the quarter ended 31 December 2013 to RM19.4 million for the quarter ended 31 December 2014.

b. Review of performance for the current period ended 31 December 2014 against the corresponding period ended 31 December 2013:

Adjusted PAT increased by RM1.2 million or 1.3%, from RM89.6 million for the period ended 31 December 2013 to RM90.8 million for the period ended 31 December 2014.

PART C – ADJUSTMENTS TO SELECTED FINANCIAL INFORMATION (continued)

27.4 The table below sets out a reconciliation of our Group's PAT to EBITDA and Adjusted EBITDA:

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED 31.12.2014 RM	CORRESPONDING QUARTER ENDED 31.12.2013 RM	CURRENT YEAR TODATE 31.12.2014	CORRESPONDING YEAR TODATE 31.12.2013
PAT	12,928,761	86,350,309	59,354,139	113,601,064
Taxation	(3,693,601)	(112,202,402)	(2,953,682)	(96,046,223)
Profit before taxation	9,235,160	(25,852,093)	56,400,457	17,554,841
Finance costs	9,142,446	15,988,132	50,245,092	57,508,370
Depreciation	14,870,518	11,461,464	56,371,975	48,992,701
Amortisation of intangibles assets	4,521,667	4,847,000	11,758,667	19,388,000
Share of profit from JV	(45,743)	-	(36,119)	-
EBITDA	37,724,048	6,444,503	174,740,072	143,443,912
Gain on disposal of OSV/ non-OSV	(46,514)	(470,840)	(4,669,025)	(1,360,520)
Impairment of asset	-	38,499,961	-	48,784,361
IPO related expenses	(774,202)	-	14,640,005	-
Adjusted EBITDA	36,903,332	44,473,624	184,711,052	190,867,753

a. Review of performance for the current quarter (Quarter ended 31 December 2014) against the corresponding quarter (Quarter ended 31 December 2013):

EBITDA increased by RM31.3 million or more than 100%, from RM6.4 million for the quarter ended 31 December 2013 to RM37.7 million for the quarter ended 31 December 2014. Adjusted EBITDA decreased by RM7.6 million or 17.1%, from RM44.5 million for the quarter ended 31 December 2013 to RM36.9 million for the quarter ended 31 December 2014 due to lower revenue during the current period.

b. Review of performance for the current period ended 31 December 2014 against the corresponding period ended 31 December 2013:

EBITDA increased by RM31.3 million or 21.8% from RM143.4 million for the quarter ended 31 December 2013 to RM174.7 million for the quarter ended 31 December 2014.
Adjusted EBITDA decreased by RM6.2 million or 3.2%, from RM190.9 million for the year ended 31 December 2013 to RM184.7 million for the year ended 31 December 2014.

BY ORDER OF THE BOARD

Dr. Jamal Bin Yusof @ Gordon Duclos
Chief Executive Officer/ Director
26 February 2015