ICON OFFSHORE BERHAD

(984830-D) (Incorporated in Malaysia)

QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2015

ICON OFFSHORE BERHAD (984830-D)

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2015

The Board of Directors of Icon Offshore Berhad ("ICON" or "the Group") would like to announce the following unaudited condensed consolidated financial statements for the second quarter and period ended 30 June 2015 which should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 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 PERIOD ENDED (UNAUDITED)	CORRESPONDING PERIOD ENDED (UNAUDITED)
	Note	**30.6.2015**	**30.6.2014**	**30.6.2015**	**30.6.2014**
		RM	**RM**	**RM**	**RM**
Revenue	**15.1.(i)**	68,572,777	81,970,794	132,166,344	162,037,953
Cost of sales		(43,833,865)	(34,359,392)	(84,382,277)	(70,837,172)
Gross profit	**15.1.(ii)**	24,738,912	47,611,402	47,784,067	91,200,781
Other income		297,200	295,518	852,868	667,572
Administrative expenses	**15.1.(iii)**	(10,179,125)	(23,690,695)	(21,922,573)	(31,450,557)
Other expenses	**15.1.(iv)**	(783,000)	(2,412,333)	(1,566,000)	(4,824,667)
Profit from operations		14,073,987	21,803,892	25,148,362	55,593,129
Finance costs		(9,463,538)	(13,366,778)	(17,802,331)	(27,458,747)
Share of (loss)/ profit from a Joint Venture		(3,577)	(23,849)	4,939	(23,849)
Profit before taxation		4,606,872	8,413,265	7,350,970	28,110,533
Taxation	**15.1.(v)**	(38,238)	(434,163)	(73,509)	(631,136)
Profit for the quarter/period	**15.1.(vi)**	4,568,634	7,979,102	7,277,461	27,479,397
Other comprehensive profit: Items that will be classified subsequently to profit or loss:					
Currency translation differences		317,353	-	835,671	-
Total comprehensive income for the quarter/ period		4,885,987	7,979,102	8,113,132	27,479,397

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2015

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (continued)

		INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
		CURRENT QUARTER ENDED (UNAUDITED)	CORRESPONDING QUARTER ENDED (UNAUDITED)	CURRENT PERIOD ENDED (UNAUDITED)	CORRESPONDING PERIOD ENDED (UNAUDITED)
	Note	30.6.2015	30.6.2014	30.6.2015	30.6.2014
		RM	RM	RM	RM
Profit attributable to: -Equity holders of the Company		4,568,634	7,979,102	7,277,461	27,479,397
Total comprehensive income attributable to : -Equity holders of the Company		4,885,987	7,979,102	8,113,132	27,479,397
Earnings per share (Sen)					
Basic	25.1	0.4	1.4	0.6	6.6
Diluted	25.2	n/a[(1)]	n/a[(1)]	n/a[(1)]	n/a[(1)]

(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 SECOND QUARTER ENDED 30 JUNE 2015

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited	Audited
	As at 30.6.2015	As at 31.12.2014
	RM	RM
Non-current assets		
Property, plant and equipment	1,439,876,413	1,378,168,441
Investment in a joint venture	4,173,800	4,168,861
Intangible assets	182,209,348	183,775,348
Deferred tax assets	45,318,957	45,188,087
	1,671,578,518	1,611,300,737
Current assets		
Trade and other receivables	60,158,057	92,075,917
Inventories	1,085,370	1,543,732
Tax recoverable	2,897,543	1,954,830
Cash and bank balances	42,789,868	74,818,205
	106,930,838	170,392,684
Less: Current liabilities		
Trade and other payables	20,029,904	29,755,924
Borrowings	159,854,153	129,477,599
Taxation	1,073,276	1,244,006
	180,957,333	160,477,529
Net current (liabilities)/assets	(74,026,495)	9,915,155
Less: Non current liabilities		
Borrowings	507,707,291	539,005,775
Deferred tax liabilities	1,125,242	1,603,759
	508,832,533	540,609,534
	1,088,719,490	1,080,606,358
Equity attributable to equity holders of the Company		
Share capital	588,592,550	588,592,550
Share premium	311,210,080	311,210,080
Foreign currency translation reserves	641,333	(194,338)
Retained earnings	188,275,527	180,998,066
Total equity	1,088,719,490	1,080,606,358

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2015

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**	**Foreign Currency Translation Reserve**	**Retained earnings**	**Total equity**
		RM	**RM**	**RM**	**RM**	**RM**
At 1 January 2015	1,177,185,100	588,592,550	311,210,080	(194,338)	180,998,066	1,080,606,358
Currency translation differences	-	-	-	835,671	-	835,671
Profit for the financial quarter/ period	-	-	-	-	7,277,461	7,277,461
As at 30 June 2015	1,177,185,100	588,592,550	311,210,080	641,333	188,275,527	1,088,719,490

ICON OFFSHORE BERHAD (984830-D)

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2015

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

	Issued and fully paid ordinary shares of RM0.50 each		Attributable to equity holders of the Company			
	Number of shares	**Share Capital**	**Share Premium**	**Foreign Currency Translation 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	-	-	-	-	-
Proceeds from shares issued	221,745,000	110,872,500	299,355,750	-	-	410,228,250
Share issuance expenses	-	-	(8,115,445)	-	-	(8,115,445)
Islamic Redeemable Convertible Preference Shares ("RCPS-i") conversion to ordinary shares	440,000,000	220,000,000	19,969,775	-	-	239,969,775
Currency translation differences	-	-	-	(194,338)	-	(194,338)
Profit 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

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2015

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	PERIOD ENDED (UNAUDITED) 30.6.2015	PERIOD ENDED (UNAUDITED) 30.6.2014
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,350,970	28,110,533
Adjustments for:		
Amortisation of intangible assets	1,566,000	4,824,667
Depreciation of property, plant and equipment	31,734,632	27,065,230
Gain on disposal of property, plant and equipment	-	(174,870)
Interest expense	17,802,331	27,458,747
Interest income	(599,381)	(1,683,866)
Unrealised loss/(gain) on foreign exchange	820,617	(1,507)
Share of profit of joint venture	(4,939)	-
Operating profit before working capital changes	58,670,230	85,598,933
Changes in working capital:		
Inventories	458,362	(427,779)
Receivables	32,713,404	(1,912,625)
Payables	(9,803,856)	3,028,206
Cash generated from operations	82,038,140	86,286,736
Tax paid	(1,685,327)	(1,232,806)
Net cash generated from operating activities	80,352,813	85,053,930
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(93,442,604)	(68,409,529)
Proceeds from disposal of property, plant and equipment	-	12,458,300
Interest received	599,381	1,145,357
Net cash used in investing activities	(92,843,223)	(54,805,872)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from issuance of ordinary shares (net of certain IPO expenses)	-	401,236,231
Drawdown of borrowings (net of transaction cost)	59,379,850	46,988,487
Investment in joint venture	-	(1,931,375)
Repayment of amount due to immediate company	-	(51,880,000)
Repayment of finance lease liabilities	(16,518)	(21,018)
Repayment of borrowings	(61,368,055)	(85,360,036)
Interest paid	(17,546,741)	(23,093,097)
Increase in fixed deposits pledged	(5,467,641)	122,927
Net cash used in financing activities	(25,019,105)	286,062,119
Unrealised foreign exchange gain on cash and bank balances	13,539	201,168
NET DECREASE IN CASH AND CASH EQUIVALENTS	(37,495,976)	316,511,345
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	68,534,727	40,111,396
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	31,038,751	356,622,741

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	PERIOD ENDED (UNAUDITED) 30.6.2015	PERIOD ENDED (UNAUDITED) 30.6.2014
	RM	RM
Pledged fixed deposits	11,751,117	9,481,382
TOTAL CASH AND BANK BALANCES AT THE END OF THE PERIOD	42,789,868	366,104,123

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2015

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 2014.

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 2014.

The adoption of the following MFRSs and Amendments to MFRSs that came into effect on 1 January 2015 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

- Annual Improvements to MFRSs 2010-2012 Cycle (Amendments to MFRS 2 Share Based Payment, MFRS 3 Business Combinations, MFRS 8 Operating Segments, MFRS 13 Fair Value Measurement, MFRS 116 Property, Plant and Equipment, MFRS 124 Related Party Disclosures and MFRS 138 Intangible Assets)
- Annual Improvements to MFRSs 2011-2013 Cycle (Amendments to MFRS 3 Business Combinations, MFRS 13 Fair Value Measurement and MFRS 140 Investment Property)
- Amendments to MFRS 119 Defined Benefits Plans: Employee Contributions

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 2016. 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 116 Property, Plant and Equipment and MFRS 138 Intangible Assets-Clarification of Acceptable Methods of Depreciation and Amortisation (effective from 1 January 2016)
- Amendments to MFRS10 Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures–Sale or Contribution of Assets between an Investor and its Associates/ Joint Ventures (Effective from 1 January 2016)
- Amendments to MFRS 127 Separate Financial Statements – Equity Accounting in Separate Financial Statements (Effective from 1 January 2016)
- Annual Improvements to MFRSs 2012-2014 Cycle (Amendments to MFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, MFRS 7 Financial Instruments: Disclosures, MFRS 119 Employee Benefits, MFRS 134 Interim Financial Reporting) (effective from 1 January 2016)

The initial application of the abovementioned accounting standards and amendments to published standards are not expected to have any material impacts to the financial statements of the Group and of the Company except as mentioned below:

- Amendment to MFRS 11 'Joint arrangements' (effective from 1 January 2016) requires an investor to apply the principles of MFRS 3 'Business Combination' when it acquires an interest in a joint operation that constitutes a business. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

- Amendments to MFRS 10 and MFRS 128 regarding sale or contribution of assets between an investor and its associate or joint venture (effective from 1 January 2016) resolve a current inconsistency between MFRS 10 and MFRS 128. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business'. Full gain or loss shall be recognised by the investor where the non-monetary assets constitute a 'business'. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors' interests. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture. They are not intended to address accounting for the sale or contribution of assets by an investor in a joint operation.

1. BASIS OF PREPARATION (continued)

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

- MFRS 9 ‘Financial Instruments’ (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement". The complete version of MFRS 9 was issued in November 2014.

  FRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with a irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

  For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

  There is now a new expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

- MFRS 15 ‘Revenue from contracts with customers’ (effective from 1 Jan 2017) deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces MFRS 118 ‘Revenue’ and MFRS 111 ‘Construction contracts’ and related interpretations.

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

The Group presents selected adjusted financial information or components of the Group unaudited condensed consolidated statements of comprehensive income for the quarter and period ended 30 June 2015 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 period ended 30 June 2015.

4. MATERIAL CHANGES IN ESTIMATES

There was no material changes in estimates of amounts reported in the prior financial year that have a material effect in the quarter and period ended 30 June 2015.

5. DEBT AND EQUITY SECURITIES

There were no other issuance, repurchase and repayment of debt and equity securities by the Group during the quarter and period ended 30 June 2015.

6. DIVIDEND PAID

There was no dividend paid by the Group during the quarter and period ended 30 June 2015.

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 30.6.2015		CORRESPONDING QUARTER ENDED 30.6.2014		CURRENT PERIOD ENDED 30.6.2015		CORRESPONDING PERIOD ENDED 30.6.2014
	%	RM	%	RM	%	RM	%	RM
Revenue								
Malaysia	73	50,125,309	93	76,275,345	78	102,814,680	93	150,981,223
Others	27	18,447,468	7	5,695,449	22	29,351,664	7	11,056,730
Total	100	68,572,777	100	81,970,794	100	132,166,344	100	162,037,953

7. SEGMENT RESULTS AND REPORTING (continued)

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 30.6.2015	CORRESPONDING QUARTER ENDED 30.6.2014	CURRENT PERIOD ENDED 30.6.2015	CORRESPONDING PERIOD ENDED 30.6.2014
	RM	RM	RM	RM
Analysis of revenue by category:				
- Charter hire own vessel	64,362,154	72,258,352	125,851,151	145,126,374
- Charter hire of forerunner vessels	1,425,920	2,942,500	1,425,920	6,036,000
	65,788,074	75,200,852	127,277,071	151,162,374
- Others [1]	2,784,703	6,769,942	4,889,273	10,875,579
	68,572,777	81,970,794	132,166,344	162,037,953

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.*

8. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group as at 30 June 2015.

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 30.6.2015	AS AT 31.12.2014
	RM	RM
Approved and contracted capital expenditure commitments	216,476,527	278,243,175
Total	216,476,527	278,243,175

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

There are no significant related party balances arising from normal business transactions.

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 PERIOD ENDED	CORRESPONDING PERIOD ENDED
	30.6.2015	30.6.2014	30.6.2015	30.6.2014
	RM	RM	RM	RM
Interest expense to immediate holding company	-	739,295	-	1,378,911

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 30.6.2015	AS AT 31.12.2014	AS AT 30.6.2015	AS AT 31.12.2014
	RM	RM	RM	RM
Fixed rate term loans	165,790,996	189,721,045	167,537,743	191,261,072

12. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment during the quarter and period ended 30 June 2015. As at 30 June 2015, all property, plant and equipment were stated at cost less accumulated depreciation and impairment losses.

13. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE QUARTER

ICON Fleet, had entered into a conditional joint venture agreement on 26 August 2015 with Zell Transportation Sdn. Bhd. ("ZT"), to operate the joint venture company, Icon Bahtera Sdn. Bhd. ("IBSB") for the purpose of carrying on the business of investing, acquiring, owning and leasing offshore support vessels to, among others, the oil and gas related industries, as well as the servicing of any future contracts and operations in Brunei Darussalam. The joint venture arrangement entails, among others, ICON Fleet and ZT subscribing into IBSB's shares and, upon fulfilment of all the conditions precedent, at completion date, ICON Fleet shall hold approximately 49% interest in IBSB whilst 51% interest being held by ZT.

Please also refer to the announcement released on 26 August 2015 for further details of the execution of the said conditional joint venture agreement.

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 30 June 2015, 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 30 June 2015) against the corresponding quarter (Quarter ended 30 June 2014):

(i) Revenue

Revenue decreased by RM13.4 million or 16.3% from RM82.0 million for the quarter ended 30 June 2014 to RM68.6 million for the quarter ended 30 June 2015. The decreased was primarily due to lower vessel utilisation rate of 57.4% for the quarter ended 30 June 2015 as compared to 84.0% for the quarter ended 30 June 2014, mainly due to completion of contracts, scheduled dry docking and repair and maintenance program for vessels as well as continuous lower activities in oil and gas industry. However, this was partly offset by contribution from two new Accommodation Work Boat ("AWB") vessels with long term contracts in Brunei for the current quarter under review.

(ii) Gross profit

The cost of sales increased by RM9.4 million or 27.3% from RM34.4 million for the quarter ended 30 June 2014 to RM43.8 million for the quarter ended 30 June 2015, primarily due to the additional cost of sales for the two new AWB vessels. The increased was also due to fuel consumption incurred for vessels that are available for charter as well as vessels on scheduled dry dock and repair and maintenance program during the quarter under review. Furthermore, certain crew cost and ship operation cost were incurred for off-hire vessels.

Consequently, the Group's gross profit decreased by RM22.9 million or 48.1% from RM47.6 million for the quarter ended 30 June 2014 to RM24.7 million for the quarter ended 30 June 2015.

(iii) Administrative expenses

The administrative expenses decreased by RM13.5 million or 51.3% from RM23.7 million for the quarter ended 30 June 2014 to RM10.2 million for the quarter ended 30 June 2015 primarily due to IPO related expenses incurred of RM15.4 million in June 2014, however partly offset by higher payroll cost due to higher headcount to support fleet expansion and foreign exchange loss incurred during the current quarter under review.

(iv) Other expenses

Other expenses decreased by RM1.6 million or 66.7% from RM2.4 million for the quarter ended 30 June 2014 to RM0.8 million for the quarter ended 30 June 2015, due to lower amortisation of intangible assets for the current quarter under review.

15. ANALYSIS OF PERFORMANCE (continued)

15.1. Review of performance for the current quarter (Quarter ended 30 June 2015) against the corresponding quarter (Quarter ended 30 June 2014) (continued):

(v) Taxation

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED 30.6.2015	CORRESPONDING QUARTER ENDED 30.6.2014	CURRENT PERIOD ENDED 30.6.2015	CORRESPONDING PERIOD ENDED 30.6.2014
	RM	RM	RM	RM
Current tax	451,625	381,409	682,896	454,874
Deferred tax	(413,387)	52,754	(609,387)	176,262
Tax expense for the financial period	38,238	434,163	73,509	631,136
Effective tax rate	1%	5%	1%	2%

The effective tax rate for the current quarter and period ended 30 June 2015 is lower than the statutory tax rate of 25% mainly due to the lower tax rate applicable to income from our vessel leasing subsidiaries being Malaysian tax residents incorporated in Labuan.

(vi) Profit after taxation

As a result of the foregoing, profit after taxation decreased by RM3.4 million or 42.5% from RM8.0 million for the quarter ended 30 June 2015 to RM4.6 million for the quarter ended 30 June 2015.

15.2. Review of performance for the current period ended 30 June 2015 against the corresponding period ended 30 June 2014:

(i) Revenue

Revenue decreased by RM29.8 million or 18.4% from RM162.0 million for the period ended 30 June 2014 to RM132.2 million for the period ended 30 June 2015. The decreased was primarily due to decreased in vessel utilisation rate of 61.0 % for the period ended 30 June 2015 as compared to 81.2% for the period ended 30 June 2014. This is due to completion of long term contracts in Q3/Q4 2014 and delay of awards for subsequent contract during the current period as well as continuous lower demand and lower activities in oil and gas industry since second half of previous year. However, this was partly offset by contribution from the two new AWB vessels with long term contracts in Brunei.

(ii) Gross profit

The cost of sales increased by RM13.6 million or 19.2% from RM70.8 million for the period ended 30 June 2014 to RM84.4 million for the period ended 30 June 2015, primarily as a result of the two new AWB vessels and fuel consumption incurred for vessels that are available for charter as well as vessels on scheduled dry dock and repair and maintenance program during the quarter under review. Furthermore, certain crew cost and ship operation cost were incurred for off-hire vessels.

Consequently, the Group’s gross profit decreased by RM43.4 million or 47.6% from RM91.2 million for the period ended 30 June 2014 to RM47.8 million for the period ended 30 June 2015.

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 period ended 30 June 2015 against the corresponding period ended 30 June 2014 (continued):

(iii) Administrative expenses

The administrative expenses decreased by RM9.6 million or 30.5% from RM31.5 million for the period ended 30 June 2014 to RM21.9 million for the period ended 30 June 2015 primarily due to IPO related expenses incurred amounted to RM15.4 million in June 2014, however partly offset by higher payroll cost arising from increased in headcounts such as technical staff to support fleet expansion.

(iv) Other expenses

Other expenses decreased by RM3.2 million or 66.7% from RM4.8 million for the period ended 30 June 2014 to RM1.6 million for the year ended 30 June 2015, 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 period under review.

(v) Profit after taxation

As a result of the foregoing, profit after taxation decreased by RM20.2 million or 73.5% from RM27.5 million for the period ended 30 June 2014 to RM7.3 million for the period ended 30 June 2015.

15.3. Review of performance for the current quarter (Quarter ended 30 June 2015) against the preceding quarter (Quarter ended 31 March 2015):

The Group's revenue increased by RM5.0 million or 7.8% from RM63.6 million for the quarter ended 31 March 2015 to RM68.6 million for the quarter ended 30 June 2015, mainly due to revenue contribution from a new AWB with long term contract in Brunei during the current quarter. This is however partly offset by lower vessel utilisation rate during the quarter ended 30 June 2015 which was 57.4% as compared 64.0% in the quarter ended 31 March 2015 mainly due to completion of long term contracts, scheduled dry docking and repair and maintenance program for vessels as well as continuous lower activities in oil and gas industry.

Consequently, the profit after tax increased by RM1.9 million or 70.4% from RM2.7 million for the quarter ended 31 March 2015 to RM4.6 million for the quarter ended 30 June 2015.

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 are expected to continue to underpin the demand for OSV. The market condition for OSV remains highly challenging from second half of previous year which has largely impacted the OSV operators including the Company.

Whilst the industry outlook is expected to remain soft, certain portion of the Group's orderbook are long term (more than one year) in nature, and the Group remains focused to ensure its utilisation rate is optimised through competitive tendering for domestic and regional work.

In view of this, the Board of Directors remain cautious on the Group financial results for the financial year ending 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 2014.

19. PROFIT BEFORE TAX

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

	INDIVIDUAL QUARTER		**CUMULATIVE PERIOD**	
	CURRENT QUARTER ENDED 30.6.2015	**CORRESPONDING QUARTER ENDED 30.6.2014**	**CURRENT PERIOD ENDED 30.6.2015**	**CORRESPONDING PERIOD ENDED 30.6.2014**
	RM	**RM**	**RM**	**RM**
Amortisation of intangible assets	783,000	2,412,333	1,566,000	4,824,667
Auditor's remuneration	201,533	172,819	411,848	350,972
Consumable costs	1,914,119	2,473,136	3,679,218	4,935,953
Depreciation of property, plant and equipment	16,596,086	12,700,547	31,734,632	27,065,230
Employee benefits expense	18,693,389	14,707,932	36,523,404	29,871,778
Gain on disposal of OSV	-	-	-	(174,870)
Professional fees	52,295	343,751	297,539	625,132
Rental of premises	500,091	739,740	905,036	739,740
Ship operation & charter hire costs	8,654,263	5,078,221	15,983,095	11,813,461
Unrealised loss on foreign exchange	162,084	27,588	820,617	199,663
Interest income	(293,601)	(221,310)	(599,381)	(400,316)
Interest expense	9,463,538	13,366,777	17,802,331	27,458,747
Realised (gain)/ loss on foreign exchange	(108,351)	19,508	486,090	(100,017)
IPO related expenses	-	15,414,207	-	15,414,207

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

Details of utilisation	As per Prospectus				
	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%	(166.20)	-	0%
Repayment of bank borrowings	124.00	30.2%	(124.00)	-	0%
Repayment of Advances from Hallmark	54.45	13.3%	(54.45)	-	0%
Working capital	42.58	10.4%	(42.58)	-	0%
Listing expenses	23.00	5.6%	(23.00)	-	0%
	410.23	100%	(410.23)	-	

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.

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 30.6.2015	**AS AT 31.12.2014**
	RM	**RM**
Short term:		
Secured		
Bank borrowings		
- term loans	129,755,226	129,400,093
- revolving credit	30,000,000	-
Finance lease liabilities	98,927	77,506
	159,854,153	129,477,599
Long-term:		
Secured		
Bank borrowings - term loans	507,679,080	538,939,626
Finance lease liabilities	28,211	66,149
	507,707,291	539,005,775
Total borrowings	**667,561,444**	**668,483,374**

Note:
Total term loan denominated in USD is USD2.6 million (equivalent to RM9.9 million), with USD0.8 million (equivalent to RM2.8 million) being secured short-term portion and USD1.8 million (equivalent to RM7.1 million) as secured long-term portion.

As at 30 June 2015, the Group have provided bank guarantees, tender bonds and bid bonds amounting to RM17.7 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 30 June 2015.

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 30.6.2015	AS AT 31.12.2014
	RM	RM
Total retained profits of the Company and its subsidiaries:		
- Realised	400,398,307	398,947,127
- Unrealised	43,373,098	43,067,876
	443,771,405	442,015,003
Total share accumulated profit from jointly controlled entity:		
- Realised	4,939	36,119
	443,776,344	442,051,122
Less: Consolidation adjustments	(255,500,817)	(261,053,056)
Total retained profits as per consolidated accounts	188,275,527	180,998,066

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 30.6.2015	CORRESPONDING QUARTER ENDED 30.6.2014	CURRENT PERIOD ENDED 30.6.2015	CORRESPONDING PERIOD ENDED 30.6.2014
Profit attributable to equity holders (RM)	4,568,634	7,979,102	7,277,461	27,479,397
Weighted average number of ordinary shares in issue	1,177,185,100	579,069,083	1,177,185,100	419,282,271
Basic EPS (Sen)	0.4	1.4	0.6	6.6

25.2 Diluted EPS

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

PART C – ADJUSTMENTS TO SELECTED FINANCIAL INFORMATION

26. The Group presents selected adjusted financial information or components of the Group unaudited condensed consolidated statements of comprehensive income for the quarter ended 30 June 2015 and 30 June 2014, 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.

26.1 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 RM1.6 million as at 30 June 2015 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)

26.1 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 OSV

For the period ended 30 June 2014, the Group had disposed one (1) AHT vessel which gave rise to a net gain on disposal of RM0.2 million.

b. Impairment of assets

No impairment of assets were recognised in quarter ended 30 June 2015 and 30 June 2014.

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

	INDIVIDUAL QUARTER		**CUMULATIVE PERIOD**	
	CURRENT QUARTER ENDED 30.6.2015	**CORRESPONDING QUARTER ENDED 30.6.2014**	**CURRENT PERIOD TODATE 30.6.2015**	**CORRESPONDING PERIOD TODATE 30.6.2014**
	RM	**RM**	**RM**	**RM**
PAT	4,568,634	7,979,102	7,277,461	27,479,397
Gain on disposal of OSV	-	-	-	(174,870)
Other expenses:				
- Amortisation of intangible assets	783,000	2,412,333	1,566,000	4,824,667
Administrative expenses:				
-IPO related expenses		15,414,207		15,414,207
RCPS-i profit rate	-	1,596,668	-	4,346,668
Tax effect relating to:				
- Amortisation of intangible assets	(195,750)	(603,083)	(391,500)	(1,206,167)
Adjusted PAT	5,155,884	26,799,227	8,451,961	50,683,902

a. Review of performance for the current quarter ended 30 June 2015 against the corresponding quarter ended 30 June 2014:

Adjusted PAT decreased by RM21.6 million or 80.6% from RM26.8 million for the quarter ended 30 June 2014 to RM5.2 million for the quarter ended 30 June 2015 mainly due to lower revenue as a result from lower oil and gas activities during the current quarter. The decreased in Adjusted PAT was also contributed by reduction in gross profit as certain crew cost and ship operation cost were incurred for off-hire vessels.

b. Review of performance for the current period ended 30 June 2015 against the corresponding period ended 30 June 2014:

Adjusted PAT decreased by RM42.2 million or 83.2% from RM50.7 million for the period ended 30 June 2014 to RM8.5 million for the period ended 30 June 2015.

PART C – ADJUSTMENTS TO SELECTED FINANCIAL INFORMATION (continued)

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED 30.6.2015	CORRESPONDING QUARTER ENDED 30.6.2014	CURRENT PERIOD TO DATE 30.6.2015	CORRESPONDING PERIOD TODATE 30.6.2014
	RM	RM		
PAT	4,568,634	7,979,102	7,277,461	27,479,397
Taxation	38,238	434,163	73,509	631,136
Profit before taxation	4,606,872	8,413,265	7,350,970	28,110,533
Finance costs	9,463,538	13,366,778	17,802,331	27,458,747
Depreciation	16,596,086	12,700,547	31,734,632	27,065,230
Amortisation of intangibles assets	783,000	2,412,333	1,566,000	4,824,666
Share of loss/ (profit) from JV	3,577	23,850	(4,939)	23,850
EBITDA	31,453,073	36,916,773	58,448,994	87,483,026
Gain on disposal of OSV	-	-	-	(174,870)
IPO related expenses	-	15,414,207	-	15,414,207
Adjusted EBITDA	31,453,073	52,330,980	58,448,994	102,722,363

a. Review of performance for the current quarter ended 30 June 2015 against the corresponding quarter ended 30 June 2014:

EBITDA decreased by RM5.4 million or 14.6% from RM36.9 million for the quarter ended 30 June 2014 to RM31.5 million for the quarter ended 30 June 2015. Adjusted EBITDA decreased by RM20.8 million or 39.8% from RM52.3 million for the quarter ended 30 June 2014 to RM31.5 million for the quarter ended 30 June 2015 mainly due to lower revenue as a result from lower oil and gas activities during the current quarter. The decreased in Adjusted EBITDA was also contributed by reduction in gross profit as certain crew cost and ship operation cost were incurred for off-hire vessels.

b. Review of performance for the current period ended 30 June 2015 against the corresponding period ended 30 June 2014:

EBITDA decreased by RM29.1 million or 33.3% from RM87.5 million for the quarter ended 30 June 2014 to RM58.4 million for the quarter ended 30 June 2015.

Adjusted EBITDA decreased by RM44.3 million or 43.1% from RM102.7 million for the period ended 30 June 2014 to RM58.4 million for the period ended 30 June 2015.

BY ORDER OF THE BOARD

Captain Hassan Bin Ali
Deputy Chief Executive Officer
26 August 2015