

**ICON OFFSHORE BERHAD**

(984830-D) (Incorporated in Malaysia)

**QUARTERLY REPORT  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**

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

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 fourth quarter and year ended 31 December 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**

	Note	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
		CURRENT QUARTER ENDED (UNAUDITED) 31.12.2015 RM	CORRESPONDING QUARTER ENDED (AUDITED) 31.12.2014 RM	CURRENT YEAR ENDED (UNAUDITED) 31.12.2015 RM	CORRESPONDING YEAR ENDED (AUDITED) 31.12.2014 RM
Revenue	15.1.(i)	65,341,870	77,090,095	266,565,638	318,877,129
Cost of sales		(43,769,126)	(46,807,191)	(169,619,224)	(159,283,404)
Gross profit	15.1.(ii)	21,572,744	30,282,904	96,946,414	159,593,725
Other income		(216,152)	686,723	782,140	7,044,242
Administrative expenses	15.1.(iii)	(11,220,411)	(8,223,247)	(45,131,852)	(48,377,021)
Other expenses	15.1.(iv)	(376,876,348)	(4,521,667)	(379,225,348)	(11,758,667)
(Loss)/profit from operations		(366,740,167)	18,224,713	(326,628,646)	106,502,279
Finance costs		(10,160,594)	(9,035,296)	(36,996,193)	(50,137,941)
Share of profit from a Joint Venture		62,818	45,743	63,629	36,119
(Loss)/profit before taxation		(376,837,943)	9,235,160	(363,561,210)	56,400,457
Taxation	15.1.(v)	743,137	3,693,601	272,794	2,953,682
(Loss)/profit for the quarter/year	15.1.(vi)	(376,094,806)	12,928,761	(363,288,416)	59,354,139
Other comprehensive profit: Items that will be classified subsequently to profit or loss: Currency translation differences		(2,009,604)	(194,338)	1,361,302	(194,338)
Total comprehensive (loss)/income for the quarter/year		(378,104,410)	12,734,423	(361,927,114)	59,159,801

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**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (continued)**

	Note	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
		CURRENT QUARTER ENDED (UNAUDITED) 31.12.2015 RM	CORRESPONDING QUARTER ENDED (AUDITED) 31.12.2014 RM	CURRENT YEAR ENDED (UNAUDITED) 31.12.2015 RM	CORRESPONDING YEAR ENDED (AUDITED) 31.12.2014 RM
(Loss)/ profit attributable to:					
-Equity holders of the Company		(376,893,121)	12,928,761	(364,086,731)	59,354,139
-Non-controlling interest		798,315	-	798,315	-
		<u>(376,094,806)</u>	<u>12,928,761</u>	<u>(363,288,416)</u>	<u>59,354,139</u>
Total comprehensive (loss) /income attributable to :					
-Equity holders of the Company		(379,188,818)	12,734,423	(363,011,522)	59,159,801
-Non-controlling interest		1,084,408	-	1,084,408	-
		<u>(378,104,410)</u>	<u>12,734,423</u>	<u>(361,927,114)</u>	<u>59,159,801</u>
(LPS)/EPS Attributable to equity holders of the company (Sen):					
Basic	25.1	<u>(32.0)</u>	<u>2.2</u>	<u>(30.9)</u>	<u>7.4</u>
Diluted	25.2	<u>n/a<sup>(1)</sup></u>	<u>n/a<sup>(1)</sup></u>	<u>n/a<sup>(1)</sup></u>	<u>n/a<sup>(1)</sup></u>

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

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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at 31.12.2015</b>	<b>As at 31.12.2014</b>
	<b>RM</b>	<b>RM</b>
<b>Non-current assets</b>		
Property, plant and equipment	1,274,352,108	1,378,168,441
Investment in a joint venture	4,218,615	4,168,861
Intangible assets	-	183,775,348
Deferred tax assets	46,015,568	45,188,087
	<u>1,324,586,291</u>	<u>1,611,300,737</u>
<b>Current assets</b>		
Trade and other receivables	42,959,902	92,075,917
Inventories	1,605,697	1,543,732
Tax recoverable	3,322,780	1,954,830
Cash and bank balances	95,395,385	74,818,205
	<u>143,283,764</u>	<u>170,392,684</u>
<b>Less: Current liabilities</b>		
Trade and other payables	23,803,016	29,755,924
Borrowings	172,253,234	129,477,599
Taxation	1,073,276	1,244,006
	<u>197,129,526</u>	<u>160,477,529</u>
<b>Net current (liabilities)/assets</b>	<b>(53,845,762)</b>	<b>9,915,155</b>
<b>Less: Non-current liabilities</b>		
Borrowings	541,412,298	539,005,775
Deferred tax liabilities	1,290,259	1,603,759
	<u>542,702,557</u>	<u>540,609,534</u>
	<u><u>728,037,972</u></u>	<u><u>1,080,606,358</u></u>
<b>Equity attributable to equity holders of the Company</b>		
Share capital	588,592,550	588,592,550
Share premium	311,210,080	311,210,080
Foreign currency translation reserves	880,871	(194,338)
(Accumulated loss)/Retained earnings	(183,088,665)	180,998,066
Non-controlling interest	10,443,136	-
Shareholders' fund	<u><u>728,037,972</u></u>	<u><u>1,080,606,358</u></u>

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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**

Issued and fully paid  
ordinary shares of  
RM0.50 each

Attributable to equity holders of the Company

	Number of shares	Issued and fully paid ordinary shares of RM0.50 each		Attributable to equity holders of the Company				
		Share Capital	Share Premium	Foreign Currency Translation Reserve	(Accumulated loss)/retained earnings	Total	Non- controlling interest	Total equity
		RM	RM	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	-	1,080,606,358
Increase in non-controlling interest arising from additional shares issued	-	-	-	-	-	-	9,358,728	9,358,728
Currency translation differences	-	-	-	1,075,209	-	1,075,209	286,093	1,361,302
(Loss) /profit for the financial year	-	-	-	-	(364,086,731)	(364,086,731)	798,315	(363,288,416)
As at 31 December 2015	1,177,185,100	588,592,550	311,210,080	880,871	(183,088,665)	717,594,836	10,443,136	728,037,972

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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**

	<u>Issued and fully paid ordinary shares of RM0.50 each</u>		<u>Attributable to equity holders of the Company</u>			
	<u>Number of shares</u>	<u>Share Capital</u>	<u>Share Premium</u>	<u>Foreign Currency Translation Reserve</u>	<u>Retained earnings</u>	<u>Total equity</u>
		RM	RM	RM	RM	RM
At 1 January 2014	257,720,050	257,720,050	-	-	121,643,927	379,363,977
Profit for the financial year	-	-	-	-	59,354,139	59,354,139
Currency translation differences	-	-	-	(194,338)	-	(194,338)
The comprehensive income for the financial year	-	-	-	(194,338)	59,354,139	59,159,801
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
Total transactions with owners, recognised directly in equity	919,456,050	330,872,500	311,210,080	-	-	642,082,580
As at 31 December 2014	<u>1,177,185,100</u>	<u>588,592,550</u>	<u>311,210,080</u>	<u>(194,338)</u>	<u>180,998,066</u>	<u>1,080,606,358</u>

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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)**

	YEAR ENDED (UNAUDITED) 31.12.2015 <u>RM</u>	YEAR ENDED (AUDITED) 31.12.2014 <u>RM</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(363,561,210)	56,400,457
Adjustments for:		
Amortisation of intangible assets	3,132,000	11,758,667
Depreciation of property, plant and equipment	64,719,286	56,573,067
Gain on disposal of property, plant and equipment	-	(4,688,734)
Interest expense	36,996,193	50,137,941
Interest income	(1,536,677)	(2,379,389)
Impairment of goodwill	180,643,348	-
Impairment of property, plant and equipment	195,373,000	-
Impairment of receivables	691,748	316,790
Unrealised loss on foreign exchange	4,499,807	516,455
Reversal of impairment of receivables	-	(2,189,304)
Share issuance expenses	-	14,655,481
Share of profit of joint venture	(63,629)	(36,119)
Operating profit before working capital changes	<u>120,893,866</u>	<u>181,065,312</u>
Changes in working capital:		
Decrease/(Increase) in inventories	61,965	(167,704)
Decrease/(Increase) in receivables	49,862,378	(3,761,096)
Increase/(Decrease) in payables	706,109	(6,027,122)
Cash generated from operations	<u>171,524,318</u>	<u>171,109,390</u>
Tax paid	(1,629,115)	(5,017,436)
<b>Net cash generated from operating activities</b>	<u>169,895,203</u>	<u>166,091,954</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(157,093,857)	(246,982,079)
Proceeds from disposal of property, plant and equipment	-	24,774,460
Investment in joint venture	-	(4,132,742)
Interest received	1,591,292	2,379,389
<b>Net cash used in investing activities</b>	<u>(155,502,565)</u>	<u>(223,960,972)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceed from issuance of ordinary shares (net of certain IPO expenses)	-	410,228,250
Share issuance expenses	-	(22,770,926)
Drawdown of borrowings (net of transaction cost)	202,958,750	79,776,873
Repayment of amount due to immediate company	-	(52,650,100)
Repayment of finance lease liabilities	(33,036)	(35,876)
Repayment of borrowings	(159,150,800)	(284,732,388)
Interest paid	(37,354,887)	(44,487,374)
(Increase)/Decrease in fixed deposits pledged	(5,935,399)	907,919
<b>Net cash generated from financing activities</b>	<u>484,628</u>	<u>86,236,378</u>
Exchange gain on cash and bank balances	(235,484)	55,971
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>14,641,782</u>	<u>28,423,331</u>

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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**

	<b>YEAR ENDED (UNAUDITED) 31.12.2015</b>	<b>YEAR ENDED (AUDITED) 31.12.2014</b>
	<b>RM</b>	<b>RM</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	68,534,727	40,111,396
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	83,176,509	68,534,727
Pledged fixed deposits	12,218,876	5,256,931
<b>TOTAL CASH AND BANK BALANCES AT THE END OF THE YEAR</b>	<u>95,395,385</u>	<u>74,818,205</u>



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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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.

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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**

**PART A – EXPLANATORY NOTES PURSUANT TO  
MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)**

**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.

MFRS 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 an 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 January 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 cyclicity 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 year ended 31 December 2015 to take into account certain exceptional items including impairment of goodwill amounted to RM180.6 million and impairment of vessels amounted to RM195.4 million, 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 2015.

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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**

**PART A – EXPLANATORY NOTES PURSUANT TO  
MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)**

**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 year ended 31 December 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 year ended 31 December 2015.

**6. DIVIDEND PAID**

There was no dividend paid by the Group during the quarter and year ended 31 December 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		CORRESPONDING QUARTER ENDED		CURRENT YEAR ENDED		CORRESPONDING YEAR ENDED	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	%	RM	%	RM	%	RM	%	RM
<b>Revenue</b>								
Malaysia	67	44,143,021	81	62,324,756	72	194,137,226	88	280,499,349
Others	33	21,198,849	19	14,765,340	28	72,428,412	12	38,377,780
Total	100	65,341,870	100	77,090,096	100	266,565,638	100	318,877,129

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**PART A – EXPLANATORY NOTES PURSUANT TO  
MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)**

**7. SEGMENT RESULTS AND REPORTING (continued)**

**7.3 Services**

The Group's revenue mainly comprises 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 <u>31.12.2015</u> RM	CORRESPONDING QUARTER ENDED <u>31.12.2014</u> RM	CURRENT YEAR ENDED <u>31.12.2015</u> RM	CORRESPONDING YEAR ENDED <u>31.12.2014</u> RM
Analysis of revenue by category:				
- Charter hire of own vessels	61,247,340	70,514,780	252,789,646	291,081,276
- Charter hire of forerunner vessels	-	-	1,987,480	6,481,381
	61,247,340	70,514,780	254,777,126	297,562,657
- Others <sup>(1)</sup>	4,094,530	6,575,316	11,788,512	21,314,472
	65,341,870	77,090,096	266,565,638	318,877,129

Note

<sup>(1)</sup> 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**

On 19 October 2015, pursuant to the completion of joint venture agreement between ICON Fleet Sdn Bhd ("Icon Fleet"), a wholly owned subsidiary of ICON Offshore Berhad, Zell Transportation Sdn Bhd ("ZT") and ICON Bahtera (B) Sdn Bhd ("Icon Bahtera"), Icon Fleet holds approximately 51% of ordinary shares in Icon Bahtera whilst 49% held by ZT.

**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 <u>31.12.2015</u> RM	AS AT <u>31.12.2014</u> RM
Approved and contracted capital expenditure commitments	183,827,000	279,402,000
Total	183,827,000	279,402,000

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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**

**PART A – EXPLANATORY NOTES PURSUANT TO  
MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)**

**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:

<u>Related parties</u>	<u>Relationship</u>
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.

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE PERIOD</u>	
	<u>QUARTER ENDED</u>	<u>CORRESPONDING QUARTER ENDED</u>	<u>CURRENT YEAR ENDED</u>	<u>CORRESPONDING YEAR ENDED</u>
	<u>31.12.2015</u>	<u>31.12.2014</u>	<u>31.12.2015</u>	<u>31.12.2014</u>
	RM	RM	RM	RM
Interest expense to immediate holding company	-	-	-	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 has 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 business based on the Group's consistently applied terms in accordance with the Group's internal policies and processes.

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**PART A – EXPLANATORY NOTES PURSUANT TO  
MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)**

**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.

	<b>Carrying amount</b>		<b>Fair Value</b>	
	<b>AS AT</b>	<b>AS AT</b>	<b>AS AT</b>	<b>AS AT</b>
	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Fixed rate term loans	<u>253,304,563</u>	<u>190,259,766</u>	<u>262,709,565</u>	<u>190,220,427</u>

**12. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT**

There were no revaluations of property, plant and equipment during the financial year ended 31 December 2015. As at 31 December 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**

No material events occurred subsequent to the end of the quarter.

**14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

As at 31 December 2015, the Group did not have any contingent liabilities or assets.

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## QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015

### 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 2015) against the corresponding quarter (Quarter ended 31 December 2014):

###### (i) Revenue

Revenue decreased by RM11.8 million or 15.3% from RM77.1 million for the quarter ended 31 December 2014 to RM65.3 million for the quarter ended 31 December 2015. The decreased was primarily due to lower vessel utilisation rate of 56.5% for the quarter ended 31 December 2015 as compared to 76.1% for the quarter ended 31 December 2014, mainly due to completion of several long term contracts, scheduled dry docking and repair and maintenance program for vessels as well as continuous low activities in oil and gas industry. However, this was partly offset by contribution from one (1) new Accommodation Work Boat (“AWB”) vessel with long term contract in Brunei for the current quarter under review.

###### (ii) Gross profit

The cost of sales decreased by RM3.0 million or 6.4% from RM46.8 million for the quarter ended 31 December 2014 to RM43.8 million for the quarter ended 31 December 2015, primarily due to savings from cost control measures implemented during the quarter. This is however offset by the additional cost of sales for the one (1) new AWB vessel.

Due to lower revenue, consequently the Group’s gross profit decreased by RM8.7 million or 28.7% from RM30.3 million for the quarter ended 31 December 2014 to RM21.6 million for the quarter ended 31 December 2015.

###### (iii) Administrative expenses

The administrative expenses increased by RM3.0 million or 36.4% from RM8.2 million for the quarter ended 31 December 2014 to RM11.2 million for the quarter ended 31 December 2015 primarily due to lower payroll cost and overhead expenses.

###### (iv) Other expenses

Other expenses increased by RM372.4 million or more than 100% from RM4.5 million for the quarter ended 31 December 2014 to RM376.9 million for the quarter ended 31 December 2015, mainly due to impairment of goodwill amounted to RM180.6 million and impairment of property, plant and equipment ie. vessels amounted to RM195.4 million.

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

**15. ANALYSIS OF PERFORMANCE (continued)**

**15.1. Review of performance for the current quarter (Quarter ended 31 December 2015) against the corresponding quarter (Quarter ended 31 December 2014) (continued):**

**(v) Taxation**

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE PERIOD</u>	
	<u>CURRENT QUARTER ENDED 31.12.2015</u>	<u>CORRESPONDING QUARTER ENDED 31.12.2014</u>	<u>CURRENT YEAR ENDED 31.12.2015</u>	<u>CORRESPONDING YEAR ENDED 31.12.2014</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Current tax	85,483	421,700	775,576	1,588,440
Deferred tax	(828,620)	(4,115,301)	(1,048,370)	(4,542,122)
Tax (credit)/ expense for the financial period/ year	<u>(743,137)</u>	<u>(3,693,601)</u>	<u>(272,794)</u>	<u>(2,953,682)</u>
Effective tax rate	0%	(40%)	0%	(5%)

The effective tax rate for the current quarter and year ended 31 December 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 however offset by the effective tax rate of subsidiary incorporated in Brunei with corporate tax of 18.5%.

**(vi) Profit after taxation**

As a result of the foregoing, profit after taxation (including exceptional items in Part C) decreased by RM389.0 million or more than 100% from RM12.9 million for the quarter ended 31 December 2014 to a loss of RM376.1 million for the quarter ended 31 December 2015.

**15.2. Review of performance for the current year ended 31 December 2015 against the corresponding year ended 31 December 2014:**

**(i) Revenue**

Revenue decreased by RM52.3 million or 16.4% from RM318.9 million for the year ended 31 December 2014 to RM266.6 million for the year ended 31 December 2015. The decreased was primarily due to decreased in vessel utilisation rate of 60.0% for the year ended 31 December 2015 as compared to 77.8% for the year ended 31 December 2014. This is due to completion of several long term contracts in second half of 2014 and delay of awards for subsequent contracts during the current year as well as continuous low demand and activities in oil and gas industry since second half of 2014. However, this was partly offset by contribution from one (1) new AWB vessel with long term contract in Brunei.

**(ii) Gross profit**

The cost of sales increased by RM10.3 million or 6.5% from RM159.3 million for the year ended 31 December 2014 to RM169.6 million for the year ended 31 December 2015, primarily as a result of the cost of sales incurred for one (1) new AWB vessel and fuel consumption incurred for off-hired vessels as well as vessels on scheduled dry dock and repair and maintenance program during the year under review. Furthermore, certain crew cost and ship operation cost were incurred for off-hired vessels. However, this is partially off-set by savings from cost control measures implemented.

Consequently, the Group's gross profit decreased by RM62.7 million or 39.2% from RM159.6 million for the year ended 31 December 2014 to RM96.9 million for the year ended 31 December 2015.



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**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 2015 against the corresponding year ended 31 December 2014 (continued):**

**(iii) Administrative expenses**

The administrative expenses decreased by RM3.3 million or 6.8% from RM48.4 million for the year ended 31 December 2014 to RM45.1 million for the year ended 31 December 2015 primarily due to IPO related expenses incurred amounted to RM15.4 million in year ended 2014, however this was partly offset by higher payroll cost and other overhead expenses.

**(iv) Other expenses**

Other expenses increased by RM367.4 million or more than 100% from RM11.8 million for the year ended 31 December 2014 to RM379.2 million for the year ended 31 December 2015, mainly due to impairment of goodwill amounted to RM180.6 million and impairment of vessels amounted to RM195.4 million.

**(v) Profit after taxation**

As a result of the foregoing, profit after taxation (including exceptional items in Part C) decreased by RM422.7 million or more than 100% from RM59.4 million for the year ended 31 December 2014 to a loss of RM363.3 million for the year ended 31 December 2015.

**15.3. Review of performance for the current quarter (Quarter ended 31 December 2015) against the preceding quarter (Quarter ended 30 September 2015):**

The Group's revenue decreased by RM3.8 million or 5.5% from RM69.1 million for the quarter ended 30 September 2015 to RM65.3 million for the quarter ended 31 December 2015. This is due to lower vessel utilisation rate during the quarter ended 31 December 2015 of 56.5% as compared 61.9% in the quarter ended 30 September 2015.

Consequently, the profit after tax decreased by RM381.6 million or more than 100% from RM5.5 million for the quarter ended 30 September 2015 to a loss of RM376.1 million for the quarter ended 31 December 2015.

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

**BURSA SECURITIES LISTING REQUIREMENTS (continued)**

**16. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2016**

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 which has largely impacted the OSV operators including the Company.

Whilst the industry outlook is expected to remain soft, the Group remains focused to ensure its utilisation rate is maximised through competitive tendering for domestic and regional contracts, as well as leveraging on its expanded presence in Brunei and continued optimisation of cost.

In view of this, the Board of Directors remain relatively cautious on the Group's financial results for the financial year ending 31 December 2016.

**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.

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**19. PROFIT BEFORE TAX**

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

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE PERIOD</b>	
	<b>CURRENT QUARTER ENDED 30.12.2015</b>	<b>CORRESPONDING QUARTER ENDED 31.12.2014</b>	<b>CURRENT YEAR ENDED 31.12.2015</b>	<b>CORRESPONDING YEAR ENDED 31.12.2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Amortisation of intangible assets	783,000	4,521,667	3,132,000	11,758,667
Auditor's remuneration	68,568	110,330	662,000	650,000
Consumable costs	1,234,874	1,918,787	7,010,817	9,195,109
Depreciation of property, plant and equipment	16,356,986	15,071,611	64,719,286	56,573,067
Employee benefits expense	18,605,888	21,188,938	73,941,791	68,800,258
Gain on disposal of property, plant and equipment	-	(66,223)	-	(4,688,734)
Impairment of property, plant and equipment	195,373,000	-	195,373,000	-
Impairment of receivables	691,748	316,790	691,748	316,790
Impairment of goodwill	180,643,348	-	180,643,348	-
Interest income	(785,359)	(1,836,410)	(1,536,677)	(2,379,389)
Interest expense	10,160,594	13,581,623	36,996,193	50,245,092
IPO related expenses/(reversal)	-	(758,726)	-	14,655,481
Loan transaction costs written off	-	729,798	-	5,168,974
Professional fees	581,370	630,202	1,127,214	1,490,958
Realised loss/(gain) on foreign exchange	357,341	(297,495)	1,173,729	(458,562)
Rental of premises	923,618	341,533	2,326,753	1,481,024
Reversal of impairment of receivables	-	(2,006,078)	-	(2,189,304)
Ship operation & charter hire costs	9,667,080	18,136,532	32,011,116	37,112,414
Unrealised loss on foreign exchange	2,151,801	408,335	4,499,807	516,455

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.

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

**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		Utilisation up to the reporting date RM' million	Balance unutilised RM' million	Balance unutilised %
	Allocation RM' million	%			
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 utilization 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. Subsequently, with reference to the announcement dated 19 October 2015, the temporary utilisation of the said IPO proceeds has been replenished for the utilisation of vessel fleet expansion.

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

**BURSA SECURITIES LISTING REQUIREMENTS (continued)**

**21. BORROWINGS**

Borrowings are recognized 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.

	<b>AS AT 31.12.2015</b>	<b>AS AT 31.12.2014</b>
	<b>RM</b>	<b>RM</b>
Short term:		
<u>Secured</u>		
Bank borrowings		
- term loans	142,224,702	129,400,093
- revolving credit	30,000,000	-
Finance lease liabilities	28,532	77,506
	172,253,234	129,477,599
Long-term:		
<u>Secured</u>		
Bank borrowings – term loans	541,412,298	538,939,626
Finance lease liabilities	-	66,149
	541,412,298	539,005,775
<b>Total borrowings</b>	<b>713,665,532</b>	<b>668,483,374</b>

Note:

Total term loan denominated in USD is USD2.3 million (equivalent to RM11.0 million), with USD0.8 million (equivalent to RM3.2 million) being secured short-term portion and USD1.5 million (equivalent to RM6.7 million) as secured long-term portion and in BND is BND36.3 million (equivalent to RM110.4 million), with BND4.4 million (equivalent to RM13.4 million) being secured short-term portion and BND31.9 million (equivalent to RM97.0 million) as secured long-term portion.

As at 31 December 2015, the Group has provided bank guarantees, tender bonds and bid bonds amounted to RM9 million primarily due to the tendering of new contracts and as financial guarantee for the performance of our charter contracts by subsidiaries within the Group and corporate guarantees for loan obtained by subsidiaries within the Group.

**22. DERIVATIVE FINANCIAL INSTRUMENTS**

The Group does not have any derivative financial instruments for the quarter and year ended 31 December 2015.

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**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:

	<b>AS AT 31.12.2015</b>	<b>AS AT 31.12.2014</b>
	<b>RM</b>	<b>RM</b>
Total retained profits of the Company and its subsidiaries:		
- Realised	72,417,172	398,947,127
- Unrealised	44,725,309	43,067,876
	117,142,481	442,015,003
Total share accumulated profit from jointly controlled entity:		
- Realised	63,629	36,119
	117,206,110	442,051,122
Less: Consolidation adjustments	(300,294,775)	(261,053,056)
Total retained (loss)/profits as per consolidated accounts	(183,088,665)	180,998,066

The 21nrealized retained profits comprise mainly 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.

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE PERIOD</b>	
	<b>CURRENT QUARTER ENDED 31.12.2015</b>	<b>CORRESPONDING QUARTER ENDED 31.12.2014</b>	<b>CURRENT YEAR ENDED 31.12.2015</b>	<b>CORRESPONDING YEAR ENDED 31.12.2014</b>
Profit attributable to equity holders (RM)	(376,893,121)	12,928,761	(364,086,731)	59,354,139
Weighted average number of ordinary shares in issue	1,177,185,100	579,069,083	1,177,185,000	801,348,355
Basic (LPS)/ EPS (Sen)	(32.0)	2.2	(30.9)	7.41

**25.2 Diluted EPS**

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

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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**

**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 and year ended 31 December 2015 and 31 December 2014, adjusting for certain exceptional items.

**26.1** This section is to provide a better and fairer understanding of our financial performance as well as the trends relating thereto.

(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 were fully amortised by the end of fourth quarter of financial year ended 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.

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## QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015

### 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. (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 technical 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 technical 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 than their recoverable amount.
- a. Disposal of property, plant and equipment  
The Group had disposed two (2) lower technical specification vessels which gave rise to a total gain of on disposal of RM4.7 million in the corresponding year 2014.
- (iii) Adjustments relating to the drastic change in economic condition within the oil and gas industry.
- a. Impairment of property, plant and equipment  
Impairment of vessels were recognised in quarter and year ended 31 December 2015 amounted to RM195.4 million.
- b. Impairment of goodwill  
Impairment of goodwill were recognised in quarter ended and year 31 December 2015 amounted to RM180.6 million.
- c. Change in accounting estimate for depreciation  
Change in accounting estimate of vessels' residual value amounted to RM1.1 million was recognised in quarter and year ended 31 December 2015.



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

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE PERIOD</u>	
	<u>CURRENT QUARTER ENDED 31.12.2015</u>	<u>CORRESPONDING QUARTER ENDED 31.12.2014</u>	<u>CURRENT YEAR TODATE 31.12.2015</u>	<u>CORRESPONDING YEAR TODATE 31.12.2014</u>
	RM	RM	RM	RM
PAT	(376,094,806)	12,928,761	(363,288,416)	59,354,139
Gain on disposal of property, plant and equipment	-	(66,223)	-	(4,668,734)
Other expenses:				
- Amortisation of intangible assets	783,000	4,521,667	3,132,000	11,758,667
- Impairment of vessels	195,373,000	-	195,373,000	-
- Impairment of goodwill	180,546,348	-	180,546,348	-
- IPO related expenses	-	-	-	14,655,481
- Transaction costs written off	-	729,798	-	5,168,974
RCPS-I profit rate	-	-	-	4,346,668
Change in estimate for depreciation	1,102,293	-	1,102,293	-
-Tax effect relating to:				
- Amortisation of intangible assets	(587,250)	(1,130,417)	(787,000)	(2,939,667)
- Disposal of property, plant and equipment	-	3,091,390	-	3,091,390
- Impairment on fair valuation on consolidation	9,848,260	-	9,848,260	-
Adjusted PAT	<u>10,970,845</u>	<u>20,074,976</u>	<u>25,926,485</u>	<u>90,766,918</u>

**a. Review of performance for the current quarter ended 31 December 2015 against the corresponding quarter ended 31 December 2014:**

Adjusted PAT decreased by RM9.1 million or 45.3% from RM20.1 million for the quarter ended 31 December 2014 to RM11.0 million for the quarter ended 31 December 2015 mainly due to lower revenue as a result from low 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-hired vessels.

**b. Review of performance for the current year ended 31 December 2015 against the corresponding year ended 31 December 2014:**

Adjusted PAT decreased by RM64.9 million or 71.4% from RM90.8 million for the year ended 31 December 2014 to RM25.9 million for the year ended 31 December 2015 mainly due to lower revenue as a result from low oil and gas activities during the current year. The decreased in Adjusted PAT was contributed by reduction in gross profit as certain crew cost and ship operations cost were incurred for off-hired vessels.

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**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 31.12.2015	CORRESPONDING QUARTER ENDED 31.12.2014	CURRENT YEAR TODATE 31.12.2015	CORRESPONDING YEAR TODATE 31.12.2014
	RM	RM		
PAT	(376,094,806)	12,928,761	(363,288,416)	59,354,139
Taxation	(743,137)	(3,693,601)	(272,794)	(2,953,682)
Profit before taxation	(376,837,943)	9,235,160	(363,561,210)	56,400,457
Finance costs	10,160,594	9,035,296	36,996,193	50,137,941
Depreciation	17,459,278	15,071,611	65,821,579	56,573,067
Amortisation of intangibles assets	783,000	4,521,667	3,132,000	11,758,667
Share of loss/ (profit) from JV	(62,818)	(45,743)	(63,629)	(36,119)
EBITDA	(348,497,889)	37,817,991	(257,675,067)	174,834,013
Gain on disposal of OSV	-	(66,223)		(4,688,734)
Impairment of vessel	195,373,000	-	195,373,000	-
IPO related expenses/ (reversal)	-	(758,726)	-	14,655,481
Impairment of fair valuation	9,848,260	-	9,848,260	-
Impairment of goodwill	180,546,348	-	180,546,348	-
Adjusted EBITDA	37,269,719	36,993,042	128,092,541	184,800,760

**a. Review of performance for the current quarter ended 31 December 2015 against the corresponding quarter ended 31 December 2014:**

EBITDA decreased by RM310.7 million more than 100% from RM37.8 million for the quarter ended 31 December 2014 to negative RM348.5 million for the quarter ended 31 December 2015. Adjusted EBITDA decreased by RM0.3 million or 0.8% from RM37.0 million for the quarter ended 31 December 2014 to RM37.3 million for the quarter ended 31 December 2015 mainly due to lower revenue as a result from low oil and gas activities during the current quarter. The decreased in Adjusted EBITDA was contributed by reduction in gross profit as certain crew cost and ship operations costs were incurred for off-hired vessels.

**b. Review of performance for the current year ended 31 December 2015 against the corresponding year ended 31 December 2014:**

EBITDA decreased by RM82.9 million or 47.4% from RM174.8 million for the year ended 31 December 2014 to RM257.7 million for the year ended 31 December 2015.

Adjusted EBITDA decreased by RM56.7 million or 31% from RM184.8 million for the year ended 31 December 2014 to RM128.1 million for the year ended 31 December 2015.

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

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**

**BY ORDER OF THE BOARD**

Dato' Abdul Rahman Bin Ahmad  
Executive Director  
29 February 2016