

**ICON OFFSHORE BERHAD**  
(201201011310 (984830-D)) (Incorporated in Malaysia)

**QUARTERLY REPORT  
FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

**ICON OFFSHORE BERHAD (201201011310 (984830-D))**  
(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

The Board of Directors of Icon Offshore Berhad (“ICON” or “the Group”) announce the following unaudited condensed consolidated financial statements for the first quarter and period ended 31 March 2020 which should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019.

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Note	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
		CURRENT QUARTER ENDED (UNAUDITED) 31.03.2020 RM	CORRESPONDING QUARTER ENDED (UNAUDITED) 31.03.2019 RM	CURRENT PERIOD ENDED (UNAUDITED) 31.03.2020 RM	CORRESPONDING PERIOD ENDED (UNAUDITED) 31.03.2019 RM
Revenue	15.1 (i)	48,880,343	41,768,142	48,880,343	41,768,142
Cost of sales		(36,225,798)	(35,444,246)	(36,225,798)	(35,444,246)
Gross profit	15.1 (ii)	12,654,545	6,323,896	12,654,545	6,323,896
Other income		19,200,081	1,344,908	19,200,081	1,344,908
Administrative expenses	15.1 (iii)	(9,450,495)	(7,825,555)	(9,450,495)	(7,825,555)
Other expenses		-	(2,011,047)	-	(2,011,047)
Profit/(Loss) from operations		22,404,131	(2,167,798)	22,404,131	(2,167,798)
Finance costs		2,079,326	(8,343,251)	2,079,326	(8,343,251)
Profit/(Loss) before taxation		24,483,457	(10,511,049)	24,483,457	(10,511,049)
Taxation	15.1 (iv)	(2,866,388)	(159,848)	(2,866,388)	(159,848)
Profit/(Loss) for the quarter/period	15.1 (v)	<u>21,617,069</u>	<u>(10,670,897)</u>	<u>21,617,069</u>	<u>(10,670,897)</u>
Other comprehensive profit/(loss): Items that will be classified subsequently to profit or loss:					
Currency translation differences		(113,333)	(1,099,958)	(113,333)	(1,099,958)
Total comprehensive profit/(loss) for the quarter/period		<u>21,503,736</u>	<u>(11,770,855)</u>	<u>21,503,736</u>	<u>(11,770,855)</u>

**ICON OFFSHORE BERHAD (201201011310 (984830-D))**  
(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED (UNAUDITED)  Note	CORRESPONDING QUARTER ENDED (UNAUDITED)  31.03.2019	CURRENT PERIOD ENDED (UNAUDITED)  31.03.2020	CORRESPONDING PERIOD ENDED (UNAUDITED)  31.03.2019
	RM	RM	RM	RM
Profit/(loss) attributable to:				
-Equity holders of the Company	20,358,960	(7,645,440)	20,358,960	(7,645,440)
-Non-controlling interests	<u>1,258,109</u>	<u>(3,025,457)</u>	<u>1,258,109</u>	<u>(3,025,457)</u>
	<u>21,617,069</u>	<u>(10,670,897)</u>	<u>21,617,069</u>	<u>(10,670,897)</u>
Total comprehensive profit/(loss) attributable to :				
-Equity holders of the Company	20,301,160	(8,206,419)	20,301,160	(8,206,419)
-Non-controlling interests	<u>1,202,576</u>	<u>(3,564,436)</u>	<u>1,202,576</u>	<u>(3,564,436)</u>
	<u>21,503,736</u>	<u>(11,770,855)</u>	<u>21,503,736</u>	<u>(11,770,855)</u>
Profit/(Loss) per share for profit/(loss) attributable to the ordinary equity holders of the Company:				
Basic/diluted earnings/(loss) per share (sen)	<b>24</b> <u>1.34</u>	<u>(0.65)</u>	<u>1.34</u>	<u>(0.65)</u>

**ICON OFFSHORE BERHAD (201201011310 (984830-D))**  
(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Unaudited As at 31.03.2020 RM	Audited As at 31.12.2019 RM
<b>Non-current assets</b>		
Property, plant and equipment	618,990,025	623,749,645
Right-of-use assets	930,701	1,110,862
Deferred tax assets	39,663,236	40,911,866
	<u>659,583,962</u>	<u>665,772,373</u>
<b>Current assets</b>		
Trade and other receivables	67,159,015	49,013,999
Inventories	2,552,511	3,489,329
Tax recoverable	154,679	154,679
Cash and bank balances	72,857,065	30,796,532
	<u>142,723,270</u>	<u>83,454,539</u>
Asset Held for Sale	2,885,565	5,341,365
	<u>145,608,835</u>	<u>88,795,904</u>
<b>Less: Current liabilities</b>		
Trade and other payables	48,618,674	61,694,714
Lease liabilities	684,900	698,731
Borrowings	52,250,509	581,287,687
Taxation	2,542,710	2,690,117
	<u>104,096,793</u>	<u>646,371,249</u>
<b>Net current assets/(liabilities)</b>	41,512,042	(557,575,345)
<b>Less: Non-current liabilities</b>		
Lease liabilities	279,854	444,521
Borrowings	330,800,971	34,130,909
Deferred tax liabilities	7,750,497	6,567,043
	<u>338,831,322</u>	<u>41,142,473</u>
	<u>362,264,682</u>	<u>67,054,555</u>
<b>Equity attributable to equity holders of the Company</b>		
Share capital	1,140,783,182	899,802,630
Warrants reserve	32,725,839	-
Currency translation reserve	372,553	430,353
Share based payment reserve	226,227	226,227
Capital contribution reserve	5,584,044	5,584,044
Accumulated losses	(836,439,928)	(856,798,888)
Non-controlling interest	19,012,765	17,810,189
<b>Total equity</b>	<u>362,264,682</u>	<u>67,054,555</u>

**ICON OFFSHORE BERHAD (201201011310 (984830-D))**  
(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Attributable to equity holders of the Company

<u>Group</u>	Issued and fully paid ordinary shares								Total equity RM
	Share capital RM	Warrants reserve RM	Currency translation reserve RM	Share based payment reserve RM	Non-distributable Capital contribution RM	Distributable Accumulated losses RM	Non- controlling interest RM		
At 1 January 2020	899,802,630	-	430,353	226,227	5,584,044	(856,798,888)	17,810,189	67,054,555	
Profit for the financial period	-	-	-	-	-	20,358,960	1,258,109	21,617,069	
Currency translation differences, representing total income and expense recognised directly in equity	-	-	(57,800)	-	-	-	(55,533)	(113,333)	
Total comprehensive income for the financial period	-	-	(57,800)	-	-	20,358,960	1,202,576	21,503,736	
Issuance of shares	240,980,552	32,725,839	-	-	-	-	-	273,706,391	
Share based payments	-	-	-	-	-	-	-	-	
At 31 March 2020	<u>1,140,783,182</u>	<u>32,725,839</u>	<u>372,553</u>	<u>226,227</u>	<u>5,584,044</u>	<u>(836,439,928)</u>	<u>19,012,765</u>	<u>362,264,682</u>	

**ICON OFFSHORE BERHAD (201201011310 (984830-D))**  
(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)**

<u>Group</u>	Attributable to equity holders of the Company						
	<u>Issued and fully paid ordinary shares</u>	<u>Non-distributable</u>			<u>Distributable</u>		<u>Total equity RM</u>
	<u>Share capital RM</u>	<u>Currency translation reserve RM</u>	<u>Share based payment reserve RM</u>	<u>Capital contribution RM</u>	<u>Accumulated losses RM</u>	<u>Non- controlling interest RM</u>	
At 1 January 2019	899,802,630	1,183,771	203,853	626,510	(846,781,137)	15,992,887	
(Loss)/Profit for the financial year	-	-	-	-	(10,017,751)	2,541,172	(7,476,579)
Currency translation differences, representing total income and expense recognised directly in equity	-	(753,418)	-	-	-	(723,870)	(1,477,288)
Total comprehensive income/(loss) for the financial year	-	(753,418)	-	-	(10,017,751)	1,817,302	(8,953,867)
Employee Share Option Scheme (ESOS):							
Share based payments	-	-	22,374	-	-	-	22,374
Contribution on capital	-	-	-	4,957,534	-	-	4,957,534
At 31 December 2019	899,802,630	430,353	226,227	5,584,044	(856,798,888)	17,810,189	67,054,555

**ICON OFFSHORE BERHAD (201201011310 (984830-D))**  
(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>CURRENT PERIOD ENDED (UNAUDITED)</b>	<b>CORRESPONDING PERIOD ENDED (UNAUDITED)</b>
	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	24,483,457	(10,511,049)
Adjustments for:		
Depreciation of property, plant and equipment	11,408,284	9,897,267
Depreciation of right-of-use assets	180,161	-
Interest expense	6,670,197	8,343,251
Interest income	(23,450)	(43,765)
Impairment loss on vessels	-	2,011,047
Reversal of doubtful debt	-	(81,376)
Reversal of provision	-	(2,457,564)
Waiver of Interest payable	(8,764,496)	-
Gain on debt restructuring	(19,120,160)	-
Unrealised gain on foreign exchange	(28,625)	2,703
Operating profit before working capital changes	14,805,368	7,160,514
Changes in working capital:		
Decrease/(increase) in inventories	936,818	60,031
Decrease/(increase) in receivables	(15,673,877)	(1,611,923)
Increase/(decrease) in payables	(14,844,437)	6,100,269
Cash generated from operations	(14,776,128)	11,708,891
Tax paid	(597,051)	(171,152)
Tax refund	-	168,255
<b>Net cash (used in)/generated from operating activities</b>	<b>(15,373,179)</b>	<b>11,705,994</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(4,725,154)	(2,938,558)
Interest received	23,450	40,113
<b>Net cash used in investing activities</b>	<b>(4,701,704)</b>	<b>(2,898,445)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of lease liabilities	(193,472)	-
Repayment of borrowings	(178,159,254)	(4,503,944)
Interest paid	(6,636,022)	(7,955,771)
Issuance of shares	247,208,871	-
Decrease /(Increase) in deposits pledged as security	3,180,510	(260,858)
<b>Net cash generated from/(used in) financing activities</b>	<b>65,400,633</b>	<b>(12,720,573)</b>
Unrealised foreign exchange gain/(loss) on cash and bank balances	(84,706)	16,257
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>45,241,044</b>	<b>(3,896,767)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>14,308,940</b>	<b>28,931,429</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>59,549,984</b>	<b>25,034,662</b>
Deposit pledged as security	13,307,081	22,336,370
<b>CASH AND BANK BALANCES</b>	<b>72,857,065</b>	<b>47,371,032</b>

**ICON OFFSHORE BERHAD (201201011310 (984830-D))**  
(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

**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 2019.

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 2019.

The adoption of the following MFRSs, Amendments and Interpretations that came into effect on 1 January 2020 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial adoption.

<b>MFRS / Amendments / Interpretations</b>	<b>Effective date</b>
MFRS 13, <i>Definition of a Business</i>	1 January 2020

The amendments are not expected to have any significant effect to the Group.

**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.

In Malaysia, some offshore support vessel activities are reduced during the monsoon period of December to February due to poor weather conditions. Hence the Group experienced a drop in activity during the three months.

**3. UNUSUAL ITEMS**

No unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group in the quarter and period ended 31 March 2020.



**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

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

**4. MATERIAL CHANGES IN ESTIMATES**

There was no material changes in estimate of amounts reported in the prior financial year that have a material effect in the quarter and period ended 31 March 2020.

**5. DEBT AND EQUITY SECURITIES**

On 18 February 2020, the Group has completed all the corporate proposals which includes share consolidation, rights issue with warrants and issuance of shares to financiers and certain creditor. Total amount of RM273.7 million was credited to Share Capital through issuance of shares with warrants.

**6. DIVIDEND PAID**

There was no dividend paid by the Group during the quarter and period ended 31 March 2020.

**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.

**ICON OFFSHORE BERHAD (201201011310 (984830-D))**  
(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

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

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

**7.2 Geographical Information**

The Group 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 PERIOD ENDED		CORRESPONDING PERIOD ENDED	
	31.03.2020		31.03.2019		31.03.2020		31.03.2019	
	%	RM	%	RM	%	RM	%	RM
<b>Revenue</b>								
Malaysia	74	36,077,014	74	30,938,423	74	36,077,014	74	30,938,423
Others	26	12,803,329	26	10,829,719	26	12,803,329	26	10,829,719
<b>Total</b>	<b>100</b>	<b>48,880,343</b>	<b>100</b>	<b>41,768,142</b>	<b>100</b>	<b>48,880,343</b>	<b>100</b>	<b>41,768,142</b>

**7.3 Services**

The Group 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.

Breakdown of revenue is as follows:

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED <u>31.03.2020</u> RM	CORRESPONDING QUARTER ENDED <u>31.03.2019</u> RM	CURRENT PERIOD ENDED <u>31.03.2020</u> RM	CORRESPONDING PERIOD ENDED <u>31.03.2019</u> RM
Analysis of revenue by category:				
- Charter hire own vessel	47,018,312	38,615,896	47,018,312	38,615,896
- Forerunner vessel	-	1,393,423	-	1,393,423
	47,018,312	40,009,319	47,018,312	40,009,319
- Others <sup>(1)</sup>	1,862,031	1,758,823	1,862,031	1,758,823
	<u>48,880,343</u>	<u>41,768,142</u>	<u>48,880,343</u>	<u>41,768,142</u>

Note

<sup>(1)</sup> Others comprise revenue from goods supplied / services rendered to clients during the charter hire.

**ICON OFFSHORE BERHAD (201201011310 (984830-D))**  
(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

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

**8. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group as at 31 March 2020.

**9. CAPITAL COMMITMENTS**

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

	<b>AS AT 31.03.2020</b>	<b>AS AT 31.03.2019</b>
	<b>RM</b>	<b>RM</b>
Approved and contracted capital expenditure commitments	6,458,486	12,871,888

**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.

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE PERIOD</b>	
	<b>CURRENT QUARTER ENDED 31.03.2020</b>	<b>CORRESPONDING QUARTER ENDED 31.03.2019</b>	<b>CURRENT PERIOD ENDED 31.03.2020</b>	<b>CORRESPONDING PERIOD ENDED 31.03.2019</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Interest expense to immediate holding company	-	1,057,931	-	1,057,931

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 consistently applied terms in accordance with the Group internal policies and processes.

**ICON OFFSHORE BERHAD (201201011310 (984830-D))**  
(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

**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 values 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	AS AT	AS AT	AS AT
	31.03.2020	31.12.2019	31.03.2020	31.12.2019
	RM	RM	RM	RM
Fixed rate term loans	46,765,029	166,713,655	47,695,148	167,823,775

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

There were no revaluations of property, plant and equipment during the quarter and period ended 31 March 2020 except for vessels for the purpose of impairment review. As at 31 March 2020, all property, plant and equipment were stated at cost less accumulated depreciation and accumulated impairment losses.

**13. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE QUARTER**

No material event subsequent to end of the quarter.

**14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

As at 31 March 2020, the Group did not have any material contingent liabilities or assets.

**ICON OFFSHORE BERHAD (201201011310 (984830-D))**  
(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

**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 March 2020) against the corresponding quarter (Quarter ended 31 March 2019):**

**(i) Revenue**

Revenue increased by RM7.1 million or 17% in the current quarter, from RM41.8 million in the corresponding quarter to RM48.9 in the current quarter, mainly due to higher utilisation of vessels in the current quarter.

**(ii) Gross profit**

The cost of sales increased by RM0.8 million or 2%, from RM35.4 million for the quarter ended 31 March 2019 to RM36.2 million for the quarter ended 31 March 2020 mainly due to higher depreciation for newly dry-docked vessels.

However, the Group gross profit increased by RM6.3 million or 100%, from RM6.3 million in the corresponding quarter to RM12.7 million in the current quarter due to higher revenue.

**(iii) Administrative expenses**

The administrative expenses increased by RM1.6 million or 21%, from RM7.8 million for the quarter ended 31 March 2019 to RM9.5 million for the quarter ended 31 March 2020 primarily due to expenses relating to implementation of mutual separation scheme to right-size the organisation.

**(iv) Taxation**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE PERIOD</b>	
	<b>CURRENT QUARTER ENDED 31.03.2020</b>	<b>CORRESPONDING QUARTER ENDED 31.03.2019</b>	<b>CURRENT PERIOD ENDED 31.03.2020</b>	<b>CORRESPONDING PERIOD ENDED 31.03.2019</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Current tax	434,303	287,824	434,303	287,824
Deferred tax	2,432,085	(127,876)	2,432,085	(127,876)
Tax expense for the financial year	<u>2,866,388</u>	<u>159,948</u>	<u>2,866,388</u>	<u>159,948</u>
Effective tax rate	12%	2%	12%	2%

The effective tax rate for the current quarter and period ended 31 March 2020 is lower than the statutory tax rate of 24% mainly due to lower tax rate applicable to income from our vessel leasing subsidiaries being Malaysia tax residents incorporated in Labuan.

**(v) Profit/(Loss) after taxation**

The Group recorded profit after taxation of RM21.6 million in the current quarter compared to loss after tax of RM10.7 million for the corresponding quarter mainly due to increase of gross profit RM6.3 million, other income of RM19.1 million from gain on debt restructuring exercise and RM8.8 million relating to waiver of interest payable upon completion of debt restructuring.

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

**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 quarter (Quarter ended 31 March 2020) against the preceding quarter (Quarter ended 31 December 2019):**

The Group revenue decreased by RM4.9 million or 9% from RM53.8 million for the quarter ended 31 December 2019 to RM48.9 million for the quarter ended 31 March 2020, mainly due to lower utilisation of vessels during the quarter ended 31 March 2020.

The Group profit after tax has increased by RM12.3 million from a profit after tax of RM9.3 million in the quarter ended 31 December 2019 to profit after tax of RM21.6 million in the quarter ended 31 March 2020, mainly due to gain from debt restructuring exercise.

**16. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020**

The upstream exploration and production activities in Malaysia, which underpin the demand for OSV, are expected to be volatile this year. As a significant portion of the Group's order book is long term (more than one year) in nature, this provides cashflow stability and earnings visibility. The focus of the Group will be on operational efficiencies, securing new contracts and maximising utilisation rate through competitive bidding for domestic and regional contracts as well as leveraging on its continued presence in Brunei.

The current COVID-19 pandemic and reduction in crude oil price have resulted in a more volatile and challenging environment. The COVID-19 pandemic has resulted in some operational delays but this is being mitigated by the Management. As far as the reduction in crude oil price is concerned, as for now, there is minimal impact on the contracts that have already been secured.

With the completion, of the corporate proposals that includes fund raising of RM247.2 million as announced on 18 February 2020, the Group is in a stronger position to overcome the challenges and tough operating conditions. In view of this, the Board of Directors remain focused on improvement initiatives and synergistic business opportunities.

**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 2019.

**ICON OFFSHORE BERHAD (201201011310 (984830-D))**  
(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

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

**19. PROFIT/(LOSS) BEFORE TAX**

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED 31.03.2020 RM	CORRESPONDING QUARTER ENDED 31.03.2019 RM	CURRENT PERIOD ENDED 31.03.2020 RM	CORRESPONDING PERIOD ENDED 31.03.2019 RM
Depreciation of property, plant and equipment	11,408,284	9,897,267	11,408,284	9,897,267
Insurance expenses	1,092,413	1,102,793	1,092,413	1,102,793
Impairment loss on vessel	-	2,011,047	-	2,011,047
Insurance recovery	-	(414,681)	-	(414,681)
Interest income	(23,450)	(43,765)	(23,450)	(43,765)
Interest expense	6,670,197	8,343,251	6,670,197	8,343,251
Waiver of interest payable	(8,764,496)	-	(8,764,496)	-
Gain on debt restructuring	(19,120,160)	-	(19,120,160)	-
Realised loss on foreign exchange	367,892	35,688	367,892	35,688
Unrealised (gain)/ on foreign exchange	(28,625)	2,703	(28,625)	2,703

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.

**ICON OFFSHORE BERHAD (201201011310 (984830-D))**  
(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

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

**20. STATUS OF CORPORATE PROPOSALS ANNOUNCED**

As per announcement dated 18 February 2020, the Company has completed all the corporate proposals which includes share consolidation, rights issue with warrants and issuance of shares to financiers and certain creditor.

The following table summarises the utilisation of proceeds from the rights issue with warrants:-

<b>Purpose</b>	<b>Proposed Utilisation</b>	<b>Actual Utilisation</b>	<b>Intended Timeframe for Utilisation (months)</b>
	<b>(RM '000)</b>	<b>(RM '000)</b>	
i) Part repayment of bank borrowings of the Group	170,000	170,000	1
ii) General working capital of the Group	8,759	8,759	24
iii) Capital expenditure of the Group	59,260	8,282	24
iv) Estimated expenses relating to corporate proposals and debt restructuring	9,190	8,239	3
<b>TOTAL</b>	<b>247,209</b>	<b>195,280</b>	



**ICON OFFSHORE BERHAD (201201011310 (984830-D))**  
(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

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

**21. BORROWINGS**

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

	<b>AS AT 31.03.2020</b>	<b>AS AT 31.12.2019</b>
	<b>RM</b>	<b>RM</b>
Short term:		
<u>Secured</u>		
Bank borrowings		
- term loans	43,146,479	393,829,881
- revolving credit (Commodity Murabahah Financing-i)	-	8,189,895
- revolving credit (Short Term Revolving Credit-i)	-	170,116,940
Redeemable preference shares	9,104,030	9,150,971
	52,250,509	581,287,687
Long-term:		
<u>Secured</u>		
Bank borrowings		
- term loans	330,800,971	34,130,909
	330,800,971	34,130,909
<b>Total borrowings</b>	<b>383,051,480</b>	<b>615,418,596</b>

Total term loan in BND is BND15.5 million (equivalent to RM46.8 million) being secured.

As at 31 March 2020, the Group has provided bank guarantees, tender bonds and bid bonds amounting to RM3.9 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 and year ended 31 March 2020.

**ICON OFFSHORE BERHAD (201201011310 (984830-D))**  
(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

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

**23. CHANGES IN MATERIAL LITIGATION**

Further to our announcement on 27 June 2019, the first case management was held on 5 July 2019. Icon Ship Management Sdn Bhd (“ISM”), a wholly-owned subsidiary of IOB, had on 26 July 2019 filed their statement of defence and Labuan Shipyard and Engineering Sdn Bhd (“LSE”) had on 21 August 2019 filed their reply to ISM’s statement of defence. In view of the Movement Control Order announced by the Government of Malaysia effective 18 March 2020, the case management that was previously scheduled on 20 March 2020 was vacated until further direction from the court.

**24. EARNINGS/(LOSS) PER SHARE (“EPS”/ (“LPS”))**

The basic EPS/(LPS) has been calculated based on the consolidated profit/(loss) 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 <b>31.03.2020</b>	CORRESPONDING QUARTER ENDED <b>31.03.2019</b>	CURRENT PERIOD ENDED <b>31.03.2020</b>	CORRESPONDING PERIOD ENDED <b>31.03.2019</b>
Profit/(Loss) attributable to equity holders (RM)	20,358,960	(7,645,440)	20,358,960	(7,645,440)
Weighted average number of ordinary shares in issue	<u>1,523,462,087</u>	<u>1,177,185,100</u>	<u>1,523,462,087</u>	<u>1,177,185,100</u>
Basic/diluted EPS/(LPS) (sen)	<u>1.34</u>	<u>(0.65)</u>	<u>1.34</u>	<u>(0.65)</u>

As at 31 March 2020, the Company has 3,910,000 potential ordinary shares outstanding pursuant to the issuance of the Employees’ Share Option Scheme on 28 December 2016 and 17 January 2018 . These potential ordinary shares are anti-dilutive and are consequently excluded from the determination of diluted EPS/(LPS).

**BY ORDER OF THE BOARD**

Dato’ Sri Hadian Hashim  
Managing Director  
15 May 2020