

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

**QUARTERLY REPORT  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

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

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

The Board of Directors of Icon Offshore Berhad ("ICON" or "the Group") announce the following unaudited condensed consolidated financial statements for the fourth quarter and period ended 31 December 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) 31.12.2020 RM	CORRESPONDING QUARTER ENDED (UNAUDITED) 31.12.2019 RM	CURRENT PERIOD ENDED (UNAUDITED) 31.12.2020 RM	CORRESPONDING PERIOD ENDED (AUDITED) 31.12.2019 RM
Revenue	15.1 (i)	54,611,471	53,790,236	212,072,272	201,056,381
Cost of sales		(35,469,665)	(36,919,174)	(143,675,698)	(137,125,743)
Gross profit	15.1 (ii)	19,141,806	16,871,062	68,396,574	63,930,638
Other income		1,293,683	115,811	21,430,767	4,403,601
Administrative expenses	15.1 (iii)	(9,475,366)	(8,999,875)	(31,704,065)	(38,782,748)
Other expenses		(1,712,678)	12,075,514	(1,712,678)	12,075,514
Profit/(Loss) from operations		9,247,445	20,062,512	56,410,598	41,627,005
Finance costs		(5,061,824)	(8,735,314)	(13,863,587)	(34,317,051)
Profit/(Loss) before taxation		4,185,621	11,327,198	42,547,011	7,309,954
Taxation	15.1 (iv)	(4,964,349)	(2,008,930)	(11,247,976)	(14,786,533)
Profit/(Loss) for the quarter/period	15.1 (v)	(778,728)	9,318,268	31,299,035	(7,476,579)
Other comprehensive profit/(loss): Items that will be classified subsequently to profit or loss:					
Currency translation differences		40,758	(405)	(34,934)	(1,477,288)
Total comprehensive profit/(loss) for the quarter/period		(737,970)	9,317,863	31,264,101	(8,953,867)

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**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 (AUDITED)
Note	<u>31.12.2020</u>	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
	RM	RM	RM	RM
Profit/(loss) attributable to:				
-Equity holders of the Company	(1,997,842)	7,408,681	25,686,552	(10,017,751)
-Non-controlling interests	<u>1,219,114</u>	<u>1,909,587</u>	<u>5,612,484</u>	<u>2,541,172</u>
	<u>(778,728)</u>	<u>9,318,268</u>	<u>31,299,036</u>	<u>(7,476,579)</u>
Total comprehensive profit/(loss) attributable to :				
-Equity holders of the Company	(1,977,056)	7,408,474	25,668,736	(10,771,169)
-Non-controlling interests	<u>1,239,086</u>	<u>1,909,389</u>	<u>5,595,366</u>	<u>1,817,302</u>
	<u>(737,970)</u>	<u>9,317,863</u>	<u>31,264,102</u>	<u>(8,953,867)</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>(0.08)</u>	<u>0.63</u>	<u>1.08</u>	<u>(0.85)</u>

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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Unaudited As at 31.12.2020 RM	Audited As at 31.12.2019 RM
<b>Non-current assets</b>		
Property, plant and equipment	598,241,664	623,749,645
Right-of-use assets	419,657	1,110,862
Deferred tax assets	36,749,443	40,911,866
	635,410,764	665,772,373
<b>Current assets</b>		
Trade and other receivables	65,037,106	49,013,999
Inventories	2,044,238	3,489,329
Tax recoverable	995,480	154,679
Cash and bank balances	74,763,245	30,796,532
	142,840,069	83,454,539
Asset Held for Sale	-	5,341,365
	142,840,069	88,795,904
<b>Less: Current liabilities</b>		
Trade and other payables	36,228,011	61,694,714
Lease liabilities	444,521	698,731
Borrowings	36,219,173	581,287,687
Taxation	894,017	2,690,117
	73,785,722	646,371,249
<b>Net current assets/(liabilities)</b>	69,054,347	(557,575,345)
<b>Less: Non-current liabilities</b>		
Lease liabilities	-	444,521
Borrowings	319,840,891	34,130,909
Deferred tax liabilities	10,436,679	6,567,043
	330,277,570	41,142,473
	374,187,541	67,054,555
<b>Equity attributable to equity holders of the Company</b>		
Share capital	1,142,819,044	899,802,630
Warrants reserve	32,725,839	-
Currency translation reserve	412,537	430,353
Share based payment reserve	353,858	226,227
Capital contribution reserve	5,584,044	5,584,044
Accumulated losses	(836,545,491)	(856,798,888)
Non-controlling interest	28,838,710	17,810,189
<b>Total equity</b>	374,187,541	67,054,555

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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Attributable to equity holders of the Company

<u>Group</u>	<u>Issued and fully paid ordinary shares</u>	<u>Non-distributable</u>					<u>Distributable</u>	<u>Non- controlling interest</u> RM	<u>Total equity</u> RM
	<u>Share capital</u> RM	<u>Warrants reserve</u> RM	<u>Currency translation reserve</u> RM	<u>Share based payment reserve</u> RM	<u>Capital contribution</u> RM	<u>Accumulated losses</u> 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	-	-	-	-	-	25,686,552	5,612,484	31,299,036	
Currency translation differences, representing total income and expense recognised directly in equity	-	-	(17,816)	-	-	-	(17,118)	(34,934)	
Total comprehensive income for the financial period	-	-	(17,816)	-	-	25,686,552	5,595,366	31,264,102	
Issuance of shares	243,016,414	32,725,839	-	-	-	-	-	275,742,253	
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	(5,433,155)	5,433,155	-	
Share based payments	-	-	-	126,631	-	-	-	126,631	
At 31 December 2020	<u>1,142,819,044</u>	<u>32,725,839</u>	<u>412,537</u>	<u>352,858</u>	<u>5,584,044</u>	<u>(836,545,491)</u>	<u>28,838,710</u>	<u>374,187,541</u>	

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

<u>Group</u>	Attributable to equity holders of the Company						Total equity RM
	<u>Issued and fully paid ordinary shares</u>	Non-distributable			Distributable		
	Share capital RM	Currency translation reserve RM	Share based payment reserve RM	Capital contribution RM	Accumulated losses RM	Non- controlling interest RM	
At 1 January 2019	899,802,630	1,183,771	203,853	626,510	(846,781,137)	15,992,887	71,028,514
(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

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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>CURRENT PERIOD ENDED (UNAUDITED) RM</b>	<b>CORRESPONDING PERIOD ENDED (AUDITED) RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	42,547,012	7,309,954
Adjustments for:		
Depreciation of property, plant and equipment	47,110,720	43,369,236
Depreciation of right-of-use assets	691,205	720,644
Interest expense	22,628,084	34,317,051
Interest income	(574,577)	(327,807)
Waiver of Interest payable	(8,764,496)	-
Gain on debt restructuring	(19,120,160)	-
Gain/(loss) on disposal of property, plant and equipment	(618,754)	48,671
Shared-based payment expenses	126,630	22,374
Impairment loss on vessels	-	65,293,479
Reversal of impairment loss on vessel	-	(77,368,993)
Impairment of receivables	-	1,778,203
Unrealised loss/(gain) on foreign exchange	748,873	166,694
Operating profit before working capital changes	<u>84,774,537</u>	<u>75,329,506</u>
Changes in working capital:		
Decrease/(increase) in inventories	1,445,091	(2,821,192)
(Increase)/decrease in receivables	(16,023,107)	9,515,930
(Decrease)/increase in payables	(20,428,167)	4,222,111
Cash generated from operations	<u>49,768,354</u>	<u>86,246,355</u>
Tax paid	(5,229,472)	(1,720,461)
Tax refund	-	520,812
<b>Net cash generated from operating activities</b>	<u>44,538,882</u>	<u>85,046,706</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	159,000	4,184,450
Purchase of property, plant and equipment	(28,144,640)	(38,226,865)
Interest received	<u>574,577</u>	<u>327,807</u>
<b>Net cash used in investing activities</b>	<u>(27,411,063)</u>	<u>(33,714,608)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of lease liabilities	(743,038)	(773,818)
Repayment of borrowings	(202,333,031)	(23,797,588)
Interest paid	(17,254,541)	(29,955,863)
Issuance of shares	247,208,871	-
Decrease /(Increase) in deposits pledged as security	(3,847,091)	(10,433,066)
<b>Net cash generated from/(used in) financing activities</b>	<u>23,031,170</u>	<u>(64,960,335)</u>
Unrealised foreign exchange (loss)/gain on cash and bank balances	(39,367)	(994,252)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	40,158,989	(13,628,237)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>14,308,940</u>	<u>28,931,429</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	54,428,562	14,308,940
Deposit pledged as security	<u>20,334,683</u>	<u>16,487,940</u>
<b>CASH AND BANK BALANCES</b>	<u>74,763,245</u>	<u>30,796,532</u>

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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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, except on the following:

- (a) Adoption of accounting policies arising from new transactions during the period

Warrants Reserve

Warrants reserve arising from the issuance of free warrants together with the rights issue, is determined based on the allocation of the proceeds from the rights issue using the fair value of the warrants and the ordinary shares on a pro rata basis. Proceeds from warrants which are issued at a value, are credited to a warrants reserve. Warrants reserve is transferred to the share capital account upon the exercise of warrants. Warrants reserve in relation to unexercised warrants at the expiry of the warrants period is transferred to retained earnings.

Restructuring of financial liabilities

When the Group restructures its financial liabilities, the Group applies the 10% test to assess if terms of the existing financial liability are substantially different from those of the restructured liability. The terms are considered as substantially modified when the present value of the cash flows under the new terms, including any fees paid (net of any fees received and discounted using the original effective interest rate), is at least 10% different from the present value of the remaining cash flows of the original financial liability.

- (i) Substantial modification of financial liability

When the terms of a financial liability are substantially modified, the existing financial liability is considered as extinguished and a new financial liability is recognised. The difference between the carrying amount of the original financial liability that has been extinguished and the fair value of the new financial liability is recognised in profit or loss.

- (ii) Modification without resulting in derecognition of financial liability

When the 10% test is not met, the existing financial liability is not derecognised. Any gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate is recognised in profit or loss.

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.



**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

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

**2. SEASONAL/CYCLICAL FACTORS**

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

The Group services are generally dependent on the level of activity of oil and gas companies, which may be affected by volatile oil and natural gas prices as well as the 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 December 2020.

**4. MATERIAL CHANGES IN ESTIMATES**

There were 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 December 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.

On 25 June 2020, the Group has completed issuance of share to a financier amounting to RM2.9 million pursuant to the terms under the completed debt restructuring.

**6. DIVIDEND PAID**

There was no dividend paid by the Group during the quarter and period ended 31 December 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 operation 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.

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**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	
	31.12.2020		31.12.2019		31.12.2020		31.12.2019	
	%	RM	%	RM	%	RM	%	RM
<b>Revenue</b>								
Malaysia	66	35,945,178	89	47,688,246	68	144,622,610	72	145,208,994
Others	34	18,419,293	11	6,101,990	32	67,449,662	28	55,847,387
Total	100	54,611,471	100	53,790,236	100	212,072,272	100	201,056,381

**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	CORRESPONDING QUARTER ENDED	CURRENT PERIOD ENDED	CORRESPONDING PERIOD ENDED
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM	RM	RM	RM
Analysis of revenue by category:				
- Charter hire own vessel	50,873,910	51,766,305	203,136,238	188,761,499
- Forerunner vessel	1,717,800	-	1,856,524	5,049,675
	52,591,710	51,766,305	204,992,762	193,811,174
- Others <sup>(1)</sup>	2,019,760	2,023,931	7,079,510	7,245,207
	54,611,471	53,790,236	212,072,272	201,056,381

Note

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

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**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 December 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:

	<u>AS AT</u> <u>31.12.2020</u>	<u>AS AT</u> <u>31.12.2019</u>
	RM	RM
Approved and contracted capital expenditure commitments	4,095,336	6,394,141

**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 <u>31.12.2020</u> RM</b>	<b>CORRESPONDING QUARTER ENDED <u>31.12.2019</u> RM</b>	<b>CURRENT PERIOD ENDED <u>31.12.2020</u> RM</b>	<b>CORRESPONDING PERIOD ENDED <u>31.12.2019</u> RM</b>
Interest expense to immediate holding company	-	(2,436,579)	-	(2,436,579)

In Q3 FY2019, the holding company stopped charging the Guarantee Fee and reversed the amount that it has charged up to Q2 FY2019. The guarantee fee was charged based on transactions that have been entered into in the normal course of business at terms mutually agreed between the parties.

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

**10.2 Significant related party transactions (continued)**

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.

**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 31.12.2020 RM	AS AT 31.12.2019 RM	AS AT 31.12.2020 RM	AS AT 31.12.2019 RM
Fixed rate term loans	<u>34,094,272</u>	<u>166,713,655</u>	<u>34,469,320</u>	<u>167,823,775</u>

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

There were no revaluations of property, plant and equipment during the quarter and period ended 31 December 2020 except for vessels for the purpose of impairment review. As at 31 December 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 December 2020, the Group did not have any material contingent liabilities or assets.

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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 December 2020) against the corresponding quarter (Quarter ended 31 December 2019):**

**(i) Revenue**

Revenue increased by RM0.8 million or 2%, from RM53.8 million in the corresponding quarter to RM54.6 million in the current quarter, mainly due to higher utilisation of vessels in the current quarter.

**(ii) Gross profit**

The cost of sales decreased by RM1.4 million or 4%, from RM36.9 million in the quarter ended 31 December 2019 to RM35.5 million in the quarter ended 31 December 2020 mainly due to lower consumable cost.

Consequently, the Group gross profit increased by RM2.3 million or 13%, from RM16.9 million in the corresponding quarter to RM19.1 million in the current quarter due to higher revenue and lower cost of sales.

**(iii) Administrative expenses**

The administrative expenses increased by RM0.5 million or 5%, from RM9.0 million for the quarter ended 31 December 2019 to RM9.5 million for the quarter ended 31 December 2020 primarily due to expenses in relation to acquisition of drilling business.

**(iv) Taxation**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE PERIOD</b>	
	<b>CURRENT QUARTER ENDED 31.12.2020</b>	<b>CORRESPONDING QUARTER ENDED 31.12.2019</b>	<b>CURRENT PERIOD ENDED 31.12.2020</b>	<b>CORRESPONDING PERIOD ENDED 31.12.2019</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Current tax	113,212	311,871	894,017	3,427,263
Deferred tax	4,851,137	1,697,059	10,353,959	11,359,270
Tax expense for the financial year	<u>4,964,349</u>	<u>2,008,930</u>	<u>11,247,976</u>	<u>14,786,533</u>
Effective tax rate	>100%	18%	26%	>100%

The effective tax rate for the current quarter and current period ended 31 December 2020 is higher than the statutory tax rate of 24% mainly due to tax effect on reversal of vessel impairment in Labuan entities for previous year end amounting to RM2.1 million.

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

The Group recorded loss after taxation of RM0.8 million in the fourth quarter compared to profit after tax of RM9.3 million for the corresponding quarter mainly due to reversal of vessels impairment of RM12.1 million recorded in corresponding quarter.

The Group registered higher gross profit of RM2.3 million and lower finance cost by RM3.7 million in the fourth quarter compared to corresponding quarter, but incurred:-

- a) one off expense relating to the acquisition of drilling business of RM1.9 million;
- b) tax charge relating to prior year reversal of impairment of vessels in Labuan entities amounting to RM2.1 million; and
- c) reversal of gain on debt restructuring upon early settlement of certain loans when the related vessels were disposed off as well as when a financier converted a portion of their loan into Icon shares as provided in the debt restructuring agreement amounting to RM1.7 million.

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

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

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

**15.2 Review of performance for the current period ended 31 December 2020 against the corresponding period ended 31 December 2019:**

**(i) Revenue**

Revenue increased by RM11.0 million or 5%, from RM201.1 million in the corresponding period to RM212.1 million in the current period, mainly due to higher utilisation of vessels in the current period.

**(ii) Gross profit**

The cost of sales increased by RM6.5 million or 5%, from RM137.1 million in the period ended 31 December 2019 to RM143.7 million in the period ended 31 December 2020 mainly due to higher depreciation for newly dry-docked vessels.

However, the Group gross profit increased by RM4.5 million or 7%, from RM63.9 million in the corresponding period to RM68.4 million in the current period due to higher revenue and higher cost of sales.

**(iii) Administrative expenses**

The administrative expenses decreased by RM7.1 million or 18%, from RM38.8 million for the period ended 31 December 2019 to RM31.7 million for the period ended 31 December 2020 primarily due to expenses in relation to corporate exercise in corresponding period.

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

The Group recorded profit after taxation of RM31.3 million in the current period compared to loss after tax of RM7.5 million for the corresponding period mainly due to increase of gross profit by RM4.5 million, increase of other income by RM17.0 million mainly from debt restructuring exercise, decrease in finance costs by RM20.5 million mainly from lower loans balance post debt restructuring, and offset by higher other expenses due to reversal of vessels impairment in the corresponding period.

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

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

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

**15.3 Review of performance for the current quarter (Quarter ended 31 December 2020) against the preceding quarter (Quarter ended 30 September 2020):**

The Group revenue increased by RM2.0 million or 4%, from RM52.6 million for the quarter ended 30 September 2020 to RM54.6 million for the quarter ended 31 December 2020, mainly due to higher utilisation of vessels during the current quarter.

The Group profit after tax has decreased by RM3.1 million from a profit after tax of RM2.3 million in the quarter ended 30 September 2020 to loss after tax of RM0.8 million in the quarter ended 31 December 2020, primarily due to higher administrative expenses in relation to acquisition of drilling business.

**16. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021**

The outlook of upstream exploration and production activities in Malaysia is expected to be positive this year as compared to last year on the back of recovery of crude oil price. With the completion of the acquisition of drilling business on 2 February 2021, the Group will have new revenue stream from drilling services in addition to OSV charter hire income.

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 continued focus of the Group will be on operational efficiencies, securing new contracts, maximising utilisation rate through competitive bidding for domestic and regional contracts as well as leveraging on its continued presence in Brunei and maximising synergies between drilling rig and OSV.

The Group's Order Book stands at RM0.8 billion (equivalent to 3 years of revenue) and its Tender Book amounts to RM0.3 billion. 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)

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**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 31.12.2020 RM	CORRESPONDING QUARTER ENDED 31.12.2019 RM	CURRENT PERIOD ENDED 31.12.2020 RM	CORRESPONDING PERIOD ENDED 31.12.2019 RM
Depreciation of property, plant and equipment	11,625,854	11,339,316	47,110,720	43,369,236
Reversal of impairment loss on vessel	-	(77,368,993)	-	(77,368,993)
Impairment loss on vessels (Gain)/Loss on disposal of PPE	-	65,293,479	-	65,293,479
Insurance recovery	(618,754)	-	(618,754)	48,671
Insurance expenses	-	-	-	(3,138,675)
Interest income	1,007,854	1,276,557	4,772,681	5,298,880
Interest expense	(95,239)	(28,780)	(574,577)	(327,807)
Waiver of interest payable	4,862,824	8,735,314	22,628,084	34,317,051
Gain on debt restructuring	-	-	(8,764,496)	-
Realised loss on foreign exchange	-	-	(19,120,160)	-
Unrealised loss/(gain) on foreign exchange	201,808	211,460	705,897	646,339
	388,109	465,265	748,873	166,694

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  
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**20. STATUS OF CORPORATE PROPOSALS ANNOUNCED**

As announced on 2 February 2021, the Group has completed the acquisition of drilling business and now owns a jack-up rig, intellectual property to operate a drilling business and 51% shareholding in a company that is a PETRONAS licence holder for drilling services. In terms utilisation of funds from the rights issue that is now designated for the acquisition of drilling business, the Group has fully utilised it to part-finance the said acquisition.

<b>Purpose</b>	<b>Proposed Utilisation</b>	<b>Actual Utilisation</b>	<b>Intended Timeframe for Utilisation</b>
	<b>(RM '000)</b>	<b>(RM '000)</b>	<b>(months)</b>
Part-finance the acquisition of drilling business	50,978	50,978	24 (from the date of receipt of rights issue proceeds - 18 February 2020)

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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 31.12.2020</b>	<b>AS AT 31.12.2019</b>
	<b>RM</b>	<b>RM</b>
Short term:		
<u>Secured</u>		
Bank borrowings		
- term loans	27,073,017	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	9,146,156	9,150,971
	36,219,173	581,287,687
Long-term:		
<u>Secured</u>		
Bank borrowings		
- term loans	319,840,891	34,130,909
	319,840,891	34,130,909
<b>Total borrowings</b>	<b>356,060,064</b>	<b>615,418,596</b>

Total term loan in currency other MYR is BND11.2 million (equivalent to RM34.1 million) which is a secured loan.

As at 31 December 2020, the Group has provided bank guarantees, tender bonds and bid bonds amounting to RM3.8 million primarily due to the tendering for new contracts, as financial guarantee for the performance of our charter contracts by our subsidiaries and corporate guarantees for loans obtained by our subsidiaries.

**22. DERIVATIVE FINANCIAL INSTRUMENTS**

The Group does not have any derivative financial instruments for the quarter and year ended 31 December 2020.

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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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. On 10 February 2021, ISM had filed a striking out application against LSE’s claim as follows:-

- That LSE’s claim amount on the contractual costs incurred as stated in the Statement of Claim (“SOC”) be reduced to RM2,042,864;
- That LSE’s claim amount on the Performance Standard for Protective Coatings (PSPC) be reduced to RM1,984,546; and
- That LSE’S total claim amount be reduced to RM9,547,411.

Based on the case management held on 24 February 2021, the court has directed as follows:-

- LSE to file their Affidavit in Reply by 5 March 2021;
- ISM to file Affidavit in Reply by 19 March 2021; and
- The next Case Management for the Striking Out Application has been fixed for 22 March 2021.

**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 31.12.2020	CORRESPONDING QUARTER ENDED 31.12.2019	CURRENT PERIOD ENDED 31.12.2020	CORRESPONDING PERIOD ENDED 31.12.2019
Profit/(Loss) attributable to equity holders (RM)	(1,997,842)	7,408,682	25,686,552	(10,017,751)
Weighted average number of ordinary shares in issue	<u>2,375,365,951</u>	<u>1,177,185,100</u>	<u>2,375,365,951</u>	<u>1,177,185,100</u>
Basic/diluted EPS/(LPS) (sen)	<u>(0.08)</u>	<u>0.63</u>	<u>1.08</u>	<u>(0.85)</u>

As at 31 December 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  
26 February 2021