

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

**QUARTERLY REPORT**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

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

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

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 2021 which should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020.

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Note	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
		CURRENT QUARTER ENDED (UNAUDITED)	CORRESPONDING QUARTER ENDED (UNAUDITED)	CURRENT PERIOD ENDED (UNAUDITED)	CORRESPONDING PERIOD ENDED (AUDITED)
		31.03.2021	31.03.2020	31.03.2021	31.03.2020
		RM	RM	RM	RM
Revenue	15.1 (i)	50,970,553	48,880,343	50,970,553	48,880,343
Cost of sales		(42,605,364)	(36,225,798)	(42,605,364)	(36,225,798)
Gross profit	15.1 (ii)	8,365,189	12,654,545	8,365,189	12,654,545
Other income		163,034	19,200,081	163,034	19,200,081
Administrative expenses	15.1 (iii)	(7,978,603)	(9,450,495)	(7,978,603)	(9,450,495)
Other expenses		-	-	-	-
Profit from operations		549,620	22,404,131	549,620	22,404,131
Finance costs		(9,187,157)	2,079,326	(9,187,157)	2,079,326
(Loss)/Profit before taxation		(8,637,537)	24,483,457	(8,637,537)	24,483,457
Taxation	15.1 (iv)	(644,337)	(2,866,388)	(644,337)	(2,866,388)
(Loss)/Profit for the quarter/period	15.1 (v)	(9,281,874)	21,617,069	(9,281,874)	21,617,069
Other comprehensive income/(expense): Items that will be classified subsequently to profit or loss:					
Currency translation differences		537,266	(113,333)	537,266	(113,333)
Total comprehensive (expense)/income for the quarter/period		(8,744,608)	21,503,736	(8,744,608)	21,503,736

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

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

**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>31.03.2021</u>	<u>31.03.2020</u>	<u>31.03.2021</u>	<u>31.03.2020</u>
	RM	RM	RM	RM
(Loss)/profit attributable to:				
-Equity holders of the Company	(11,152,174)	20,358,960	(11,152,174)	20,358,960
-Non-controlling interests	<u>1,870,300</u>	<u>1,258,109</u>	<u>1,870,300</u>	<u>1,258,109</u>
	<u>(9,281,874)</u>	<u>21,617,069</u>	<u>(9,281,874)</u>	<u>21,617,069</u>
Total comprehensive (expense)/income attributable to:				
-Equity holders of the Company	(10,873,323)	20,301,160	(10,873,323)	20,301,160
-Non-controlling interests	<u>2,128,715</u>	<u>1,202,576</u>	<u>2,128,715</u>	<u>1,202,576</u>
	<u>(8,744,608)</u>	<u>21,503,736</u>	<u>(8,744,608)</u>	<u>21,503,736</u>
(Loss)/Profit per share for (loss)/profit attributable to the ordinary equity holders of the Company:				
Basic/diluted (loss)/earnings per share (sen)	<b>24</b> <u>(0.42)</u>	<u>1.34</u>	<u>(0.42)</u>	<u>1.34</u>

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

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>Unaudited As at 31.03.2021 RM</b>	<b>Audited As at 31.12.2020 RM</b>
<b>Non-current assets</b>		
Property, plant and equipment	771,842,632	597,588,145
Right-of-use assets	391,219	571,172
Intangible assets	2,888,681	-
Deferred tax assets	37,262,089	36,839,696
	<u>812,384,621</u>	<u>634,999,013</u>
<b>Current assets</b>		
Trade and other receivables	64,214,840	68,367,976
Inventories	1,083,704	1,011,759
Tax recoverable	1,396,454	1,188,027
Cash and bank balances	67,598,906	74,967,761
	<u>134,293,904</u>	<u>145,535,523</u>
<b>Less: Current liabilities</b>		
Trade and other payables	42,631,440	37,726,970
Amount due to immediate holding company	174,200,000	-
Lease liabilities	377,080	533,853
Borrowings	41,189,423	41,173,332
Taxation	965,362	918,581
	<u>259,363,305</u>	<u>80,352,736</u>
<b>Net current (liabilities)/assets</b>	(125,069,401)	65,182,787
<b>Less: Non-current liabilities</b>		
Lease liabilities	40,405	63,584
Borrowings	304,218,611	313,103,008
Deferred tax liabilities	13,782,027	12,927,356
	<u>318,041,043</u>	<u>326,093,948</u>
	<u>369,274,177</u>	<u>374,087,852</u>
<b>Equity attributable to equity holders of the Company</b>		
Share capital	1,146,663,592	1,142,819,044
Warrants reserve	32,725,839	32,725,839
Currency translation reserve	691,396	412,545
Share based payment reserve	352,857	352,857
Capital contribution reserve	5,584,044	5,584,044
Accumulated losses	(846,017,986)	(834,865,812)
Non-controlling interest	29,274,435	27,059,335
<b>Total equity</b>	<u>369,274,177</u>	<u>374,087,852</u>

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

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Attributable to equity holders of the Company

<u>Group</u>	Issued and fully paid ordinary shares						<u>Non-distributable</u>	<u>Distributable</u>	Non- controlling interest RM	Total equity RM
	Share capital RM	Warrants reserve RM	Currency translation reserve RM	Share based payment reserve RM	Capital contribution RM	Accumulated losses RM				
At 1 January 2021	1,142,819,044	32,725,839	412,545	352,857	5,584,044	(834,865,812)	27,059,335	374,087,852		
(Loss)/Profit for the financial period	-	-	-	-	-	(11,152,174)	1,870,300	(9,281,874)		
Currency translation differences, representing total income and expense recognised directly in equity	-	-	278,851	-	-	-	258,415	537,266		
Total comprehensive income/(loss) for the financial period	-	-	278,851	-	-	(11,152,174)	2,128,715	(8,744,608)		
Issuance of shares	3,844,548	-	-	-	-	-	-	3,844,548		
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	86,385	86,385		
Share based payments	-	-	-	-	-	-	-	-		
At 31 March 2021	<u>1,146,663,592</u>	<u>32,725,839</u>	<u>691,396</u>	<u>352,857</u>	<u>5,584,044</u>	<u>(846,017,986)</u>	<u>29,274,435</u>	<u>369,274,177</u>		

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

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Attributable to equity holders of the Company

<u>Group</u>	Issued and fully paid ordinary shares	Non-distributable					Distributable	Non- controlling interest RM	Total equity RM
	Share capital RM	Warrants reserve RM	Currency translation reserve RM	Share based payment reserve RM	Capital contribution RM	Accumulated losses 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	-	-	-	-	-	27,768,840	3,430,492	31,199,332	
Currency translation differences, representing total income and expense recognised directly in equity	-	-	(17,808)	-	-	-	(17,110)	(34,918)	
Total comprehensive (loss)/income for the financial period	-	-	(17,808)	-	-	27,768,840	3,413,382	31,164,414	
Issuance of shares	243,016,414	32,725,839	-	-	-	-	-	275,742,253	
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	(5,835,764)	5,835,764	-	
Share based payments	-	-	-	126,630	-	-	-	126,630	
At 31 December 2020	<u>1,142,819,044</u>	<u>32,725,839</u>	<u>412,545</u>	<u>352,857</u>	<u>5,584,044</u>	<u>(834,865,812)</u>	<u>27,059,335</u>	<u>374,087,852</u>	

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

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>CURRENT PERIOD ENDED (UNAUDITED)</b>	<b>CORRESPONDING PERIOD ENDED (UNAUDITED)</b>
	<b>31.03.2021</b>	<b>31.03.2020</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(8,637,537)	24,483,457
Adjustments for:		
Depreciation of property, plant and equipment	13,932,271	11,408,284
Depreciation of right-of-use assets	179,953	180,161
Interest expense	7,883,554	6,670,197
Interest income	(163,034)	(23,450)
Waiver of Interest payable	-	(8,764,496)
Gain on debt restructuring	-	(19,120,160)
Loss on early debt settlement	1,303,603	
Unrealised loss/(gain) on foreign exchange	10,924	(28,625)
Operating profit before working capital changes	14,509,734	14,805,368
Changes in working capital:		
(Increase)/decrease in inventories	(71,945)	936,818
(Increase)/decrease in receivables	(7,103,035)	(15,673,877)
Increase/(decrease) in payables	6,561,661	(14,844,437)
Cash generated from/(used in) operations	13,896,415	(14,776,128)
Tax paid	(373,705)	(597,051)
<b>Net cash generated from/(used in) operating activities</b>	<b>13,522,710</b>	<b>(15,373,179)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(176,863,753)	(4,725,154)
Purchase of intangible assets	(2,074,750)	-
Acquisition of a subsidiary	(1,058,123)	-
Interest received	163,034	23,450
<b>Net cash used in investing activities</b>	<b>(179,833,592)</b>	<b>(4,701,704)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of shareholders' advance from immediate holding company	174,200,000	-
Repayment of lease liabilities	(193,451)	(193,472)
Repayment of borrowings	(8,204,063)	(178,159,254)
Interest paid	(7,392,762)	(6,636,022)
Issuance of shares	-	247,208,871
(Increase)/decrease in deposits pledged as security	(4,484,623)	3,180,510
<b>Net cash generated from financing activities</b>	<b>153,925,101</b>	<b>65,400,633</b>
Unrealised foreign exchange gain/(loss) on cash and bank balances	532,303	(84,706)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(11,853,478)</b>	<b>45,241,044</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>54,633,078</b>	<b>14,308,940</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>42,779,600</b>	<b>59,549,984</b>
Deposit pledged as security	24,819,306	13,307,081
<b>CASH AND BANK BALANCES</b>	<b>67,598,906</b>	<b>72,857,065</b>

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

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

**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 2020.

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 2020, except on the following:

The Malaysian Accounting Standards Board had issued the following amendments to MFRS of which are effective for the financial period beginning on or after 1 January 2022. The Group did not early adopt these amendments to MFRS and they are not expected to have a significant effect on its consolidated financial statements:

- Annual Improvements to MFRS 9 ‘Fees in the 10% test for derecognition of financial liabilities’;
- Amendments to MFRS 3 ‘Reference to Conceptual Framework’;
- Amendments to MFRS 116 ‘Proceeds before intended use’;
- Amendments to MFRS 137 ‘Onerous contracts - cost of fulfilling a contract’;
- Amendments to MFRS 101 ‘Classification of liabilities as current or non-current’; and
- Amendments on disclosure of accounting policies.

**2. SEASONAL/CYCLICAL FACTORS**

The principal activities of the Group are vessel and rig owning/leasing and provision of vessel and rig 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 2021.

**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 March 2021.

**5. DEBT AND EQUITY SECURITIES**

On 1 March 2021, the Group has completed issuance of shares to a financier amounting to RM3.8 million pursuant to the terms under the completed debt restructuring on 18 February 2020.



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

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

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

**6. DIVIDEND PAID**

There was no dividend paid by the Group during the quarter and period ended 31 March 2021.

**7. SEGMENT RESULTS AND REPORTING**

**7.1 Reportable Segment**

Effective from 2 February 2021, the Group is organised into 2 core business segments based on the type of activities. The information of each of the Group's business segments for the individual and cumulative quarter ended 31 March 2021 is as follows:

Individual/Cumulative Quarter Ended 31.03.2021	OSV RM'000	Drilling RM'000	Group RM'000
Revenue	50,686	285	50,970
<u>Results</u>			
Profit/(Loss) from operations	6,911	(6,362)	549
Finance cost	(5,745)	(3,442)	(9,187)
Taxation	(1,602)	958	(644)
<b>Loss for the financial period</b>	<b>(436)</b>	<b>(8,846)</b>	<b>(9,282)</b>

**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	
	31.03.2021		31.03.2020		31.03.2021		31.03.2020	
	%	RM	%	RM	%	RM	%	RM
<b>Revenue</b>								
Malaysia	63	32,108,606	74	36,077,014	63	32,108,606	74	36,077,014
Others	37	18,861,947	26	12,803,329	37	18,861,947	26	12,803,329
<b>Total</b>	<b>100</b>	<b>50,970,553</b>	<b>100</b>	<b>48,880,343</b>	<b>100</b>	<b>50,970,553</b>	<b>100</b>	<b>48,880,343</b>

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

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

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

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

**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 31.03.2021 RM	CORRESPONDING QUARTER ENDED 31.03.2020 RM	CURRENT PERIOD ENDED 31.03.2021 RM	CORRESPONDING PERIOD ENDED 31.03.2020 RM
Analysis of revenue by category:				
- Charter hire own vessel	49,512,014	47,018,312	49,512,014	47,018,312
	49,512,014	47,018,312	49,512,014	47,018,312
- Others <sup>(1)</sup>	1,458,539	1,862,031	1,458,539	1,862,031
	50,970,553	48,880,343	50,970,553	48,880,343

Note

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

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

There were no significant changes in the composition of the Group as at 31 March 2021, other than a newly-acquired subsidiary, Perisai Offshore Sdn, Bhd. ("POSB"). On 2 February 2021, the Group completed the acquisition of a controlling stake (51% of the issued share capital) in POSB.

**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>31.03.2021</u> RM	<u>AS AT</u> <u>31.03.2020</u> RM
Approved and contracted capital expenditure commitments	-	6,458,486

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

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

**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
Ekuiti Nasional Berhad	Intermediate holding company
E-Cap (Internal) One Sdn. Bhd.	Intermediate holding company
Hallmark Odyssey Sdn. Bhd. (“HOSB”)	Immediate holding company
Icon Ship Management Sdn. Bhd. (“ICON Ship”)	Subsidiary
Icon Fleet Sdn. Bhd. (“ICON Fleet”)	Subsidiary
Icon Offshore Group Sdn. Bhd.	Subsidiary
Uzma Berhad	Entity with common Director
Uzma Engineering Sdn. Bhd. (“Uzma Engineering”)	A subsidiary of Uzma Berhad, an entity with a common director

**10.1 Significant related party balances**

There are no significant related party balances arising from normal business transactions except for:

- i. Shareholder’s advance from HOSB of RM174.2 million; and
- ii. Amount owing by Uzma Engineering of RM3.9 million.

**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>CURRENT QUARTER ENDED <u>31.03.2021</u> RM</u>	<u>CORRESPONDING QUARTER ENDED <u>31.03.2020</u> RM</u>	<u>CURRENT PERIOD ENDED <u>31.03.2021</u> RM</u>	<u>CORRESPONDING PERIOD ENDED <u>31.03.2020</u> RM</u>
Interest expense to immediate holding company	3,442,380	-	3,442,380	-

On 22 January 2021, the Group had procured Shareholder’s Advance from HOSB to finance the rig acquisition amounting to RM174,200,000. The final repayment date for this advance is 6 months from the drawdown date or upon completion of any fund raising and/or bank financing by the Group, whichever is earlier or such other date as the parties may mutually agree in writing.

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 2021**

**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.

	<b>Carrying amount</b>		<b>Fair Value</b>	
	<b>AS AT 31.03.2021</b>	<b>AS AT 31.12.2020</b>	<b>AS AT 31.03.2021</b>	<b>AS AT 31.12.2020</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Fixed rate term loans	88,494,879	92,067,380	69,041,660	75,469,964

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

There were no revaluations of property, plant and equipment during the quarter and period ended 31 March 2021 except for vessels for the purpose of impairment review. As at 31 March 2021, 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 2021, 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 2021**

**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 2021) against the corresponding quarter (Quarter ended 31 March 2020):**

**(i) Revenue**

Revenue increased by RM2.1 million or 4%, from RM48.9 million in the corresponding quarter to RM51.0 million in the current quarter, mainly due to higher utilisation of vessels in the current quarter. The Group experienced delay in the commencement of a long term contract due to COVID-19 issues, which has affected the revenue in the current quarter.

**(ii) Gross profit**

The cost of sales increased by RM6.4 million or 18% from RM36.2 million in the quarter ended 31 March 2020 to RM42.6 million in the quarter ended 31 March 2021 mainly due to:-

- a) Operational costs relating to Drilling segment amounting to RM3.6 million; and
- b) Additional depreciation charge attributable to the rig amounting to RM1.9 million in the current quarter as the acquisition was completed on 2 February 2021.

Consequently, the Group gross profit decreased by RM4.3 million or 34%, from RM12.7 million in the corresponding quarter to RM8.4 million in the current quarter primarily due to additional operating costs and depreciation charge relating to Drilling segment. In addition, the Group incurred RM0.5 million relating to COVID-19 costs.

**(iii) Administrative expenses**

The administrative expenses decreased by RM1.5 million or 16%, from RM9.5 million for the quarter ended 31 March 2020 to RM8.0 million for the quarter ended 31 March 2021 primarily due to expenses incurred in the corresponding quarter include payments relating to mutual separation scheme of employees.

**(iv) Taxation**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE PERIOD</b>	
	<b>CURRENT QUARTER ENDED 31.03.2021</b>	<b>CORRESPONDING QUARTER ENDED 31.03.2020</b>	<b>CURRENT PERIOD ENDED 31.03.2021</b>	<b>CORRESPONDING PERIOD ENDED 31.03.2020</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Current tax	212,059	434,303	212,059	434,303
Deferred tax	432,278	2,432,085	432,278	2,432,085
Tax expense for the financial year	<b>644,337</b>	<b>2,866,388</b>	<b>644,337</b>	<b>2,866,388</b>
Effective tax rate	7%	12%	7%	12%

The effective tax rate for the current quarter and current period ended 31 March 2021 is lower than the statutory tax rate of 24% mainly due to tax benefit from Drilling segment.

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

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

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

**15 ANALYSIS OF PERFORMANCE (continued)**

**15.1 Review of performance for the current quarter (Quarter ended 31 March 2021) against the corresponding quarter (Quarter ended 31 March 2020) (continued):**

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

The Group recorded loss after taxation of RM9.3 million in the first quarter compared to profit after tax of RM21.6 million in the corresponding quarter mainly due to gain on debt restructuring of RM19.1 million and waiver of interest payables of RM8.8 million recorded in corresponding quarter.

The following table reflects the adjusted comparative figures:-

	<b>Current Quarter Ended 31 March 2021</b>	<b>Corresponding Quarter Ended 31 March 2020</b>
	<b>(mil RM)</b>	<b>(mil RM)</b>
(Loss) / Profit After Taxation	(9.3)	21.6
Add: Expenses relating to Drilling segment	8.8	
Loss on fair value on early debt settlement	1.3	
Less: Gain on debt restructuring		(19.1)
Waiver of interest payable		(8.8)
<b>Adjusted Profit/(Loss) After Taxation</b>	<b>0.8</b>	<b>(6.3)</b>

**15.2 Review of performance for the current quarter (Quarter ended 31 March 2021) against the preceding quarter (Quarter ended 31 December 2020):**

The Group revenue decreased by RM3.6 million or 7% from RM54.6 million in the quarter ended 31 December 2020 to RM51.0 million in the quarter ended 31 March 2021 mainly due to lower revenue from vessel that was drydocked in the current quarter.

The Group loss after tax has increased by RM8.5 million from loss after tax of RM0.8 million in the quarter ended 31 December 2020 to loss after tax of RM9.3 million in the quarter ended 31 March 2021, mainly due to loss after tax from Drilling segment of RM8.8 million.

**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. In addition to OSV, the Group will have new revenue and income stream from Drilling segment commencing in April 2021.

The Order Book as at 31 March 2021 stands at RM752.5 million, comprising of RM698.1 million for OSV segment and RM54.4 million for Drilling segment. Long Term Charter Contracts represents 99% of the Order Book which will provide cashflow stability and earnings visibility.

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

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

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

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

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 OSV and Drilling segments.

In view of this, the Board of Directors remain focused on improvement initiatives and synergistic business opportunities while remain cautious on the impact of COVID-19 pandemic to the oil and gas industry in terms of disruptions and additional costs.

**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 2020.

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

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED 31.03.2021	CORRESPONDING QUARTER ENDED 31.03.2020	CURRENT PERIOD ENDED 31.03.2021	CORRESPONDING PERIOD ENDED 31.03.2020
	RM	RM	RM	RM
Depreciation of property, plant and equipment	13,932,271	11,408,284	13,932,271	11,408,284
Depreciation of right-of-use assets	179,953	180,161	179,953	180,161
Insurance expenses	1,815,177	1,092,413	1,815,177	1,092,413
Interest income	(163,034)	(23,450)	(163,034)	(23,450)
Interest expense	7,883,554	6,670,197	7,883,554	6,670,197
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	61,062	367,892	61,062	367,892
Unrealised loss/(gain) on foreign exchange	10,924	(28,625)	10,924	(28,625)
Loss on early debt settlement	1,303,603	-	1,303,603	-

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 2021**

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

**20. 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 31.03.2021</b>	<b>AS AT 31.12.2020</b>
	<b>RM</b>	<b>RM</b>
<b>Short term:</b>		
<u>Secured</u>		
Bank borrowings		
- term loans	31,908,162	32,027,176
Redeemable preference shares	9,281,261	9,146,156
	41,189,423	41,173,332
<b>Long-term:</b>		
<u>Secured</u>		
Bank borrowings		
- term loan	298,535,629	307,490,354
- Revolving credit (Commodity Murabahah Financing-i)	5,682,982	5,612,654
	304,218,611	313,103,008
<b>Total borrowings</b>	<b>345,408,034</b>	<b>354,276,340</b>

Total term loan in currency other MYR is BND9.8 million (equivalent to RM29.8 million) which is a secured loan.

As at 31 March 2021, 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.

**21. DERIVATIVE FINANCIAL INSTRUMENTS**

The Group does not have any derivative financial instruments for the quarter and year ended 31 March 2021.

**22. 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 be reduced to RM2,042,864;
- That LSE's claim amount on the Performance Standard for Protective Coatings 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 21 April 2021, the court has directed as follows:-

- Written submissions are to be filed by both parties simultaneously on or before 3 June 2021.
- Submissions in Reply are to be filed by both parties simultaneously on or before 17 June 2021; and
- The hearing of this matter has been fixed for 24 June 2021.



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

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

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

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

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

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE PERIOD</u>	
	<u>CURRENT QUARTER ENDED 31.03.2021</u>	<u>CORRESPONDING QUARTER ENDED 31.03.2020</u>	<u>CURRENT PERIOD ENDED 31.12.2021</u>	<u>CORRESPONDING PERIOD ENDED 31.03.2020</u>
(Loss)/Profit attributable to equity holders (RM)	(11,152,174)	20,358,960	(11,152,174)	20,358,960
Weighted average number of ordinary shares in issue	<u>2,676,362,473</u>	<u>1,523,462,087</u>	<u>2,676,362,473</u>	<u>1,523,462,087</u>
Basic/diluted (LPS)/EPS (sen)	<u>(0.42)</u>	<u>1.34</u>	<u>(0.42)</u>	<u>1.34</u>

As at 31 March 2021, the Company has 6,810,000 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 (LPS)/EPS.

**BY ORDER OF THE BOARD**

Dato' Sri Hadian Hashim  
Managing Director  
24 May 2021