

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

**QUARTERLY REPORT**  
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021**

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

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021**

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 year ended 31 December 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 YEAR ENDED (UNAUDITED)	CORRESPONDING YEAR ENDED (AUDITED)
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
		RM	RM	RM	RM
Revenue	15.1 (i)	80,893,708	54,611,471	300,884,030	212,072,272
Cost of sales		(52,065,508)	(34,734,229)	(190,422,180)	(142,940,261)
Gross profit	15.1 (ii)	28,828,200	19,877,242	110,441,850	69,132,011
Other income		724,813	967,421	4,984,719	29,869,000
Administrative expenses	15.1 (iii)	(10,425,258)	(10,320,108)	(34,235,471)	(32,548,806)
Other expenses		-	(381,000)	-	(381,000)
Profit from operations		19,127,755	10,143,555	81,191,098	66,071,205
Finance costs		(8,926,535)	(3,825,196)	(37,207,863)	(21,391,455)
Profit before taxation		10,201,220	6,318,359	43,983,235	44,679,750
Taxation	15.1 (iv)	(2,666,514)	(7,196,790)	(11,972,494)	(13,480,418)
Profit/(Loss) for the quarter/year	15.1 (v)	7,534,706	(878,431)	32,010,741	31,199,332
Other comprehensive income/(expense): Items that will be classified subsequently to profit or loss:					
Currency translation differences		193,126	(298,737)	733,116	(34,918)
Total comprehensive income/(expense) for the quarter/year		7,727,832	(1,177,168)	32,743,857	31,164,414

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED (UNAUDITED)	CORRESPONDING QUARTER ENDED (UNAUDITED)	CURRENT YEAR ENDED (UNAUDITED)	CORRESPONDING YEAR ENDED (AUDITED)
Note	<u>31.12.2021</u>	<u>31.12.2020</u>	<u>31.12.2021</u>	<u>31.12.2020</u>
	RM	RM	RM	RM
Profit/(Loss) attributable to:				
-Equity holders of the Company	7,676,765	84,447	25,577,760	27,768,840
-Non-controlling interests	<u>(142,059)</u>	<u>(962,878)</u>	<u>6,432,981</u>	<u>3,430,492</u>
	<u>7,534,706</u>	<u>(878,431)</u>	<u>32,010,741</u>	<u>31,199,332</u>
Total comprehensive income/(expense) attributable to:				
-Equity holders of the Company	7,775,259	(67,910)	25,951,744	27,751,032
-Non-controlling interests	<u>(47,427)</u>	<u>(1,109,258)</u>	<u>6,792,113</u>	<u>3,413,382</u>
	<u>7,727,832</u>	<u>(1,177,168)</u>	<u>32,743,857</u>	<u>31,164,414</u>
Profit per share for profit attributable to the ordinary equity holders of the Company:				
Basic/diluted earnings per share (sen)	<u>0.28</u>	<u>0.00</u>	<u>0.95</u>	<u>1.17</u>

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>Unaudited As at 31.12.2021 RM</b>	<b>Audited As at 31.12.2020 RM</b>
<b>Non-current assets</b>		
Property, plant and equipment	736,798,830	597,588,145
Intangible assets	1,993,820	-
Prepayments	-	11,323,005
Cash and bank balances	15,638,089	4,785,617
Right-of-use assets	1,311,360	571,172
Deferred tax assets	32,060,109	36,839,696
	<u>788,802,208</u>	<u>651,107,635</u>
<b>Current assets</b>		
Trade and other receivables	112,869,211	57,044,971
Inventories	1,069,617	1,011,759
Tax recoverable	2,021,159	1,188,027
Cash and bank balances	67,641,267	70,182,144
	<u>183,601,254</u>	<u>129,426,901</u>
<b>Less: Current liabilities</b>		
Trade and other payables	48,438,725	37,726,970
Amount due to immediate holding company	174,200,000	-
Lease liabilities	443,940	533,853
Borrowings	48,108,034	41,173,332
Taxation	1,276,450	918,581
	<u>272,467,149</u>	<u>80,352,736</u>
<b>Net current (liabilities)/assets</b>	(88,865,895)	49,074,165
<b>Less: Non-current liabilities</b>		
Lease liabilities	896,063	63,584
Borrowings	271,692,756	313,103,008
Deferred tax liabilities	15,122,408	12,927,356
	<u>287,711,227</u>	<u>326,093,948</u>
	<u>411,225,086</u>	<u>374,087,852</u>
<b>Equity attributable to equity holders of the Company</b>		
Share capital	1,146,663,591	1,142,819,044
Warrants reserve	32,725,839	32,725,839
Currency translation reserve	786,529	412,545
Share based payment reserve	493,773	352,857
Capital contribution reserve	5,905,574	5,584,044
Accumulated losses	(809,288,052)	(834,865,812)
Non-controlling interest	33,937,832	27,059,335
<b>Total equity</b>	<u>411,225,086</u>	<u>374,087,852</u>

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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Attributable to equity holders of the Company

Group	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 2021	1,142,819,044	32,725,839	412,545	352,857	5,584,044	(834,865,812)	27,059,335	374,087,852	
Profit for the financial year	-	-	-	-	-	25,577,760	6,432,981	32,010,741	
Currency translation differences, representing total income and expense recognised directly in equity	-	-	373,984	-	-	-	359,132	733,116	
Total comprehensive income for the financial year	-	-	373,984	-	-	25,577,760	6,792,113	32,743,857	
Issuance of shares	3,844,547	-	-	-	-	-	-	3,844,547	
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	86,384	86,384	
Share based payment	-	-	-	140,916	-	-	-	140,916	
Contribution of capital	-	-	-	-	321,530	-	-	321,530	
At 31 December 2021	<u>1,146,663,591</u>	<u>32,725,839</u>	<u>786,529</u>	<u>493,773</u>	<u>5,905,574</u>	<u>(809,288,052)</u>	<u>33,937,832</u>	<u>411,225,086</u>	

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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Attributable to equity holders of the Company

Group	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 year	-	-	-	-	-	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 year	-	-	(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 payment	-	-	-	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>		

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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>CURRENT YEAR ENDED (UNAUDITED) RM</b>	<b>CORRESPONDING YEAR ENDED (AUDITED) RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	43,983,235	44,679,750
Adjustments for:		
Depreciation of property, plant and equipment	59,710,741	47,351,503
Depreciation of right-of-use assets	623,631	720,334
Amortisation of intangible asset	80,930	-
Interest expense	35,285,010	21,391,455
Interest income	(461,152)	(938,924)
Share-based payment expense	140,916	126,630
Waiver of Interest payable	-	(8,764,496)
Gain on debt restructuring	-	(18,710,893)
Gain/(Loss) on disposal of property, plant and equipment	57,761	(510,398)
Net impairment loss on vessels	-	381,000
Loss on early debt settlement	1,922,853	-
Write down of Net Book Value ("NBV") relating to Assets Held For Sale ("AHFS")	182,168	-
Employee Share Grant Plan ("ESGP") Expenses	321,530	-
Gain on sale of fuel upon offhire of vessels	(812,164)	-
Unrealised (gain)/loss on foreign exchange	(758,952)	748,873
Impairment of receivables	1,615,589	-
Operating profit before working capital changes	141,892,096	86,474,834
Changes in working capital:		
(Increase)/decrease in inventories	(57,858)	2,477,570
Increase in receivables	(46,601,646)	(8,422,612)
Increase/(decrease) in payables	7,949,992	(24,834,418)
Cash generated from operations	103,182,584	55,695,374
Tax paid	(5,194,957)	(5,852,819)
<b>Net cash generated from operating activities</b>	<b>97,987,627</b>	<b>49,842,555</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	5,190,000	2,449,252
Purchase of property, plant and equipment	(203,537,425)	(23,158,895)
Purchase of intangible assets	(2,074,750)	-
Acquisition of a subsidiary	(1,058,123)	(11,323,005)
Interest received	461,152	938,924
<b>Net cash used in investing activities</b>	<b>(201,019,146)</b>	<b>(31,093,724)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of Shareholder's Advance from immediate holding company	174,200,000	-
Repayment of lease liabilities	(654,183)	(773,803)
Repayment of borrowings	(38,301,281)	(200,149,720)
Interest paid	(24,634,538)	(18,123,873)
Issuance of shares	-	245,141,650
Increase in deposits pledged as security	(22,224,215)	(3,847,091)
<b>Net cash generated from financing activities</b>	<b>88,385,783</b>	<b>22,247,163</b>
Unrealised foreign exchange gain/(loss) on cash and bank balances	733,116	(671,856)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(13,912,620)</b>	<b>40,324,138</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>40,720,458</b>	<b>54,633,078</b>
Deposit pledged as security	42,558,898	20,334,683
<b>CASH AND BANK BALANCES</b>	<b>83,279,356</b>	<b>74,967,761</b>

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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 year 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 year ended 31 December 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 year ended 31 December 2021.

**5. DEBT AND EQUITY SECURITIES**

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



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**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 year ended 31 December 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 December 2021 is as follows:

<b>Individual Quarter Ended 31.12.2021</b>	<b>OSV RM'000</b>	<b>Drilling RM'000</b>	<b>Group RM'000</b>
Revenue	52,869	28,025	80,894
<u>Results</u>			
Profit from operations	9,726	9,402	19,128
Finance cost	(4,097)	(4,830)	(8,927)
Taxation	(1,505)	(1,161)	(2,666)
<b>Profit for the financial period</b>	<b>4,124</b>	<b>3,411</b>	<b>7,535</b>

<b>Cumulative Period Ended 31.12.2021</b>	<b>OSV RM'000</b>	<b>Drilling RM'000</b>	<b>Group RM'000</b>
Revenue	218,456	82,428	300,884
<u>Results</u>			
Profit from operations	52,788	28,403	81,191
Finance cost	(19,358)	(17,850)	(37,208)
Taxation	(7,955)	(4,017)	(11,972)
<b>Profit for the financial year</b>	<b>25,475</b>	<b>6,536</b>	<b>32,011</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:

	<b>INDIVIDUAL QUARTER</b>				<b>CUMULATIVE PERIOD</b>			
	<b>CURRENT QUARTER ENDED 31.12.2021</b>		<b>CORRESPONDING QUARTER ENDED 31.12.2020</b>		<b>CURRENT YEAR ENDED 31.12.2021</b>		<b>CORRESPONDING YEAR ENDED 31.12.2020</b>	
	<b>%</b>	<b>RM</b>	<b>%</b>	<b>RM</b>	<b>%</b>	<b>RM</b>	<b>%</b>	<b>RM</b>
<b>Revenue</b>								
Malaysia	77	62,031,226	66	36,192,178	72	217,015,432	68	144,622,610
Others	23	18,862,482	34	18,419,293	28	83,868,598	32	67,449,662
<b>Total</b>	<b>100</b>	<b>80,893,708</b>	<b>100</b>	<b>54,611,471</b>	<b>100</b>	<b>300,884,030</b>	<b>100</b>	<b>212,072,272</b>

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

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

**7.3 Services**

The Group revenue mainly comprises charter hire income from vessels and rig 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 31.12.2021 RM	CORRESPONDING QUARTER ENDED 31.12.2020 RM	CURRENT YEAR ENDED 31.12.2021 RM	CORRESPONDING YEAR ENDED 31.12.2020 RM
Analysis of revenue by category:				
- Charter hire own vessel and rig	75,951,919	50,873,910	288,170,885	203,136,238
- Forerunner Vessel	-	1,717,800	-	1,856,524
	<u>75,951,919</u>	<u>52,591,710</u>	<u>288,170,885</u>	<u>204,992,762</u>
- Others <sup>(1)</sup>	4,941,789	2,019,761	12,713,145	7,079,510
	<u>80,893,708</u>	<u>54,611,471</u>	<u>300,884,030</u>	<u>212,072,272</u>

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 December 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 year are as follows:

	AS AT 31.12.2021 RM	AS AT 31.12.2020 RM
Approved and contracted capital expenditure commitments	-	4,095,336

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**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 Shareholder’s Advance from HOSB of RM174.2 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 31.12.2021 RM</u>	<u>CORRESPONDING QUARTER ENDED 31.12.2020 RM</u>	<u>CURRENT YEAR ENDED 31.12.2021 RM</u>	<u>CORRESPONDING YEAR ENDED 31.12.2020 RM</u>
Interest expense to immediate holding company	4,829,874	-	17,849,534	-

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 31 December 2021 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. On 30 December 2021, Second Variation Notice was agreed and signed by both parties to extend the tenure with final repayment date to be set on 31 December 2022, or upon completion of any fund raising and/or bank financing exercise, whichever is earlier.

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.

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

**11. FAIR VALUE MEASUREMENTS**

The table below shows the carrying amounts and fair value of the borrowings, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair 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 31.12.2021</b>	<b>AS AT 31.12.2020</b>	<b>AS AT 31.12.2021</b>	<b>AS AT 31.12.2020</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Fixed rate term loans	<u>77,823,679</u>	<u>92,067,380</u>	<u>69,480,709</u>	<u>75,469,964</u>

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

There were no revaluations of property, plant and equipment during the quarter and year ended 31 December 2021 except for vessels for the purpose of impairment review. As at 31 December 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 December 2021, the Group did not have any material contingent liabilities or assets.

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

**(i) Revenue**

Revenue increased by RM26.3 million or 48%, from RM54.6 million in the corresponding quarter to RM80.9 million in the current quarter, mainly due to contribution from Drilling Segment commencing its operation in April 2021 offset by slightly lower revenue from OSV Segment.

**(ii) Gross profit**

The cost of sales increased by RM17.3 million or 50% from RM34.7 million in the quarter ended 31 December 2020 to RM52.0 million in the quarter ended 31 December 2021 mainly due to cost of sales relating to Drilling Segment.

Consequently, the Group gross profit increased by RM9.0 million or 45%, from RM19.9 million in the corresponding quarter to RM28.9 million in the current quarter primarily due to contribution from Drilling Segment.

**(iii) Administrative expenses**

The administrative expenses increased by RM0.1 million or 1%, from RM10.3 million for the quarter ended 31 December 2020 to RM10.4 million for the quarter ended 31 December 2021 primarily due to administrative expenses from Drilling Segment.

**(iv) Taxation**

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE PERIOD</u>	
	<u>CURRENT QUARTER ENDED 31.12.2021</u>	<u>CORRESPONDING QUARTER ENDED 31.12.2020</u>	<u>CURRENT YEAR ENDED 31.12.2021</u>	<u>CORRESPONDING YEAR ENDED 31.12.2020</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Current tax	1,473,366	2,202,576	5,044,959	2,983,382
Deferred tax	1,193,148	4,994,214	6,927,535	10,497,036
Tax expense for the financial year	<u>2,666,514</u>	<u>7,196,790</u>	<u>11,972,494</u>	<u>13,480,418</u>
Effective tax rate	26%	>100%	27%	30%

The effective tax rate for the current quarter and current year are higher than the statutory tax rate of 24% mainly due to non-deductibility of certain expenses incurred / paid to Labuan entities.

**(v) Profit after taxation**

The Group recorded profit after taxation of RM7.5 million in the fourth quarter compared to loss after tax of RM0.9 million in the corresponding quarter. OSV Segment contributed profit after taxation of RM4.1 million and Drilling Segment contributed RM3.4 million of profit after taxation in the current quarter.

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**15 ANALYSIS OF PERFORMANCE (continued)**

**15.2 Review of performance for the current year ended 31 December 2021 against the corresponding year ended 31 December 2020:**

**(i) Revenue**

Revenue increased by RM88.8 million or 42%, from RM212.1 million in the corresponding year to RM300.9 million in the current year, mainly due to revenue from Drilling Segment and higher utilisation of vessels in OSV Segment for the current year.

**(ii) Gross profit**

The cost of sales increased by RM47.6 million or 33%, from RM142.9 million in the year ended 31 December 2020 to RM190.5 million in the year ended 31 December 2021 mainly due to cost of sales of Drilling Segment in the current year.

The Group gross profit increased by RM41.2 million or 60%, from RM69.2 million in the corresponding year to RM110.4 million in the current year mainly due to contribution from the Drilling Segment.

**(iii) Administrative expenses**

The administrative expenses increased by RM1.7 million or 5%, from RM32.5 million for the year ended 31 December 2020 to RM34.2 million for the year ended 31 December 2021 primarily due to administrative expenses from Drilling Segment.

**(iv) Profit after taxation**

The Group recorded profit after taxation of RM32.0 million in the current year compared to profit after taxation of RM31.2 million. The corresponding year profit after taxation included other income from gain on debt restructuring of RM18.7 million and waiver of interest payables amounting to RM8.8 million upon completion of debt restructuring on 18 February 2020.

The following table reflects the adjusted comparative figures: -

	<b>Current Year Ended 31 December 2021 (mil RM)</b>	<b>Corresponding Year Ended 31 December 2020 (mil RM)</b>
Profit After Taxation	32.0	31.2
Add: Loss on fair value on early debt settlement	1.9	1.7
Mutual Separation Scheme	0.3	1.3
Write down of NBV relating to AHFS	0.2	-
ESOS and ESGP expenses	0.3	-
Impairment of receivables (net of tax)	1.2	-
Less: Net Income from Clearing of Accruals	(0.6)	-
Gain on sale of fuel upon offhire of vessels	(0.8)	
Gain on debt restructuring	-	(18.7)
Waiver of interest payable	-	(8.8)
<b>Adjusted Profit After Taxation</b>	<b>34.5</b>	<b>6.7</b>

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021**

**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 2021) against the preceding quarter (Quarter ended 30 September 2021):**

The Group revenue decreased by RM6.4 million or 7% from RM87.3 million in the quarter ended 30 September 2021 to RM80.9 million in the quarter ended 31 December 2021 mainly due to lower revenue from Drilling Segment and lower utilisation of vessels in OSV Segment.

The Group recorded profit after taxation of RM7.5 million in current quarter compared to profit after taxation of RM16.9 million for the preceding quarter ended 30 September 2021 due to lower revenue and higher cost of sales in current quarter.

**16. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022**

The outlook of upstream exploration and production activities in Malaysia is expected to be positive next year on the back of rising crude oil prices. In addition to OSV Segment, the Group's Drilling Segment has commenced its maiden contract in April 2021 and contributed RM6.5 million profit after taxation in FY2021.

The Order Book as at 31 December 2021 stands at RM742.8 million, comprising of RM677.4 million for OSV Segment and RM65.4 million for Drilling Segment. Long Term Contracts represents 91% of the Order Book which will provide 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 OSV and Drilling Segments.

In view of this, the Board of Directors remain focused on improvement initiatives and synergistic business opportunities while remain vigilant on the impact of COVID-19 pandemic to the oil and gas industry in terms of disruptions and additional costs. With the strong order book and long-term contracts providing earning stability and cash flow certainty, ICON is also keen to venture into strategic M&A opportunities to propel ICON's next growth phase.

**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.

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE  
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**19. PROFIT BEFORE TAX**

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED 31.12.2021 <u>RM</u>	CORRESPONDING QUARTER ENDED 31.12.2020 <u>RM</u>	CURRENT YEAR ENDED 31.12.2021 <u>RM</u>	CORRESPONDING YEAR ENDED 31.12.2020 <u>RM</u>
Depreciation of property, plant and equipment	15,624,357	8,127,368	59,710,741	47,351,503
Depreciation of right-of-use assets	136,232	179,991	623,631	720,334
Amortisation of intangible asset	80,930	-	80,930	-
Approved insurance claim	-	(114,609)	(3,477,132)	(114,609)
Insurance expenses	2,040,373	1,495,714	7,972,043	5,260,541
Interest income	(73,772)	(269,108)	(461,152)	(938,924)
Interest expense	8,926,535	3,825,196	35,285,010	21,391,455
Waiver of interest payable	-	-	-	(8,764,496)
Gain on debt restructuring	-	409,267	-	(18,710,893)
Realised loss on foreign exchange	86,032	181,339	352,638	685,428
Unrealised loss/(gain) on foreign exchange	2,693	388,109	(758,952)	748,873
Loss on early debt settlement	-	-	1,922,853	-
Loss on revaluation of Assets Held for Sale	-	-	182,168	-
Realised gain on sale of fuel upon hire of vessels	-	-	(812,164)	-
ESOS and ESGP Expenses	40,631	-	289,198	-
Impairment of receivables	1,615,589	-	1,615,589	-

Other than as presented in the condensed consolidated statements of comprehensive income and as disclosed above, there were no impairment of assets or any other exceptional items for the current quarter under review.



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

**20. 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 31.12.2021</b>	<b>AS AT 31.12.2020</b>
	<b>RM</b>	<b>RM</b>
Short term:		
<u>Secured</u>		
Bank borrowings		
- term loans	38,824,366	32,027,176
Redeemable preference shares	9,283,668	9,146,156
	48,108,034	41,173,332
Long-term:		
<u>Secured</u>		
Bank borrowings		
- term loan	265,796,120	307,490,354
- Revolving credit (Commodity Murabahah Financing-i)	5,896,636	5,612,654
	271,692,756	313,103,008
<b>Total borrowings</b>	319,800,790	354,276,340

Total term loan in currency other than MYR is BND5.3 million (equivalent to RM16.3 million) which is a secured loan.

As at 31 December 2021, the Group has provided bank guarantees, tender bonds and bid bonds amounting to RM6.6 million primarily due to the tendering for new contracts, as financial guarantee for the performance of our charter contracts by ICON's subsidiaries and corporate guarantees for loans obtained by ICON's subsidiaries.

**21. DERIVATIVE FINANCIAL INSTRUMENTS**

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

**22. CHANGES IN MATERIAL LITIGATION**

Further to the announcement made on 12 July 2021 to Bursa and the latest Q3 2021 Bursa Announcement in respect of a Writ of Summons together with the Statement of Claim dated 20 June 2019 (the "Suit") filed by Labuan Shipyard & Engineering Sdn. Bhd. against the Icon Offshore Berhad's ("IOB" or the "Group") wholly owned subsidiary, Icon Ship Management Sdn. Bhd., the Group wishes to update further developments in respect of the Suit.

The court-assisted mediation was held on 26 January 2022 before the Registrar. Noting that the Judge had earlier fixed 21 January 2022 as the next case management date to update the Court on the outcome of the mediation, parties had during the case management on 21 January 2022 sought a further case management date to update the Court on the outcome of the mediation. A further case management had been fixed on 11 February 2022.

Pursuant to the mediation held on 26 January 2022, the Registrar had instructed parties to convene another mediation on 4 March 2022. In view of this, another case management date was obtained by the parties during the case management held on 11 February 2022. The Court has fixed a further case management on 8 March 2022 for parties to update the Court on the outcome of the mediation.

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE  
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**23. EARNINGS PER SHARE (“EPS”)**

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

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE PERIOD</u>	
	<u>CURRENT QUARTER ENDED 31.12.2021</u>	<u>CORRESPONDING QUARTER ENDED 31.12.2020</u>	<u>CURRENT YEAR ENDED 31.12.2021</u>	<u>CORRESPONDING YEAR ENDED 31.12.2020</u>
Profit attributable to equity holders (RM)	7,676,765	84,447	25,577,760	27,768,840
Weighted average number of ordinary shares in issue	<u>2,696,707,056</u>	<u>2,375,365,951</u>	<u>2,696,707,056</u>	<u>2,375,365,951</u>
Basic/diluted EPS (sen)	<u>0.28</u>	<u>0.00</u>	<u>0.95</u>	<u>1.17</u>

As at 31 December 2021, the Company has 3,760,000 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.

**BY ORDER OF THE BOARD**

Dato’ Sri Hadian Hashim  
Managing Director  
28 February 2022