

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

**QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2022**

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

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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 March 2022 which should be read in conjunction with the audited financial statements for the financial year ended 31 March 2021.

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 (UNAUDITED)
		31.03.2022	31.03.2021	31.03.2022	31.03.2021
		RM	RM	RM	RM
Revenue	15.1 (i)	66,951,164	50,970,553	66,951,164	50,970,553
Cost of sales		(44,369,982)	(42,605,364)	(44,369,982)	(42,605,364)
Gross profit	15.1 (ii)	22,581,182	8,365,189	22,581,182	8,365,189
Other income		151,774	163,034	151,774	163,034
Administrative expenses	15.1 (iii)	(8,096,573)	(7,978,603)	(8,096,573)	(7,978,603)
Profit from operations		14,636,383	549,620	14,636,382	549,620
Finance costs		(8,477,688)	(9,187,157)	(8,477,688)	(9,187,157)
Profit/(Loss) before taxation		6,158,695	(8,637,537)	6,158,695	(8,637,537)
Taxation	15.1 (iv)	(3,259,572)	(644,337)	(3,259,572)	(644,337)
Profit/(Loss) for the quarter/year	15.1 (v)	2,899,123	(9,281,874)	2,899,123	(9,281,874)
Other comprehensive income: Items that will be classified subsequently to profit or loss:					
Currency translation differences		446,511	537,266	446,511	537,266
Total comprehensive income/(expense) for the quarter/year		3,345,634	(8,744,608)	3,345,634	(8,744,608)

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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 (UNAUDITED)
Note	<u>31.03.2022</u>	<u>31.03.2021</u>	<u>31.03.2022</u>	<u>31.12.2021</u>
	RM	RM	RM	RM
Profit/(Loss) attributable to:				
-Equity holders of the Company	2,962,211	(11,152,174)	2,962,211	(11,152,174)
-Non-controlling interests	<u>(63,088)</u>	<u>1,870,300</u>	<u>(63,088)</u>	<u>1,870,300</u>
	<u>2,899,123</u>	<u>(9,281,874)</u>	<u>2,899,123</u>	<u>(9,281,874)</u>
Total comprehensive income/(expense) attributable to:				
-Equity holders of the Company	3,189,932	(10,873,323)	3,189,932	(10,873,323)
-Non-controlling interests	<u>155,702</u>	<u>2,128,715</u>	<u>155,702</u>	<u>2,128,715</u>
	<u>3,345,634</u>	<u>(8,744,608)</u>	<u>3,345,634</u>	<u>(8,744,608)</u>
Profit per share for profit attributable to the ordinary equity holders of the Company:				
Basic/diluted earnings/(loss) per share (sen)	<u>0.11</u>	<u>(0.42)</u>	<u>0.11</u>	<u>(0.42)</u>

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited As at 31.03.2022 RM	Audited As at 31.12.2021 RM
Non-current assets		
Property, plant and equipment	724,562,210	737,013,307
Intangible assets	1,993,820	1,993,820
Prepayments	-	4,846,768
Cash and bank balances	15,638,089	15,638,089
Right-of-use assets	1,175,128	1,311,360
Deferred tax assets	31,467,032	32,185,225
	<u>774,836,279</u>	<u>792,988,569</u>
Current assets		
Trade and other receivables	86,529,614	105,081,684
Inventories	1,093,781	1,069,617
Tax recoverable	2,072,923	2,021,159
Cash and bank balances	91,373,726	67,532,312
	<u>181,070,044</u>	<u>175,704,772</u>
Less: Current liabilities		
Trade and other payables	45,849,792	46,130,932
Amount due to immediate holding company	164,200,000	174,200,000
Lease liabilities	396,231	443,940
Borrowings	43,473,543	48,108,034
Taxation	2,335,189	1,688,797
	<u>256,254,755</u>	<u>270,571,703</u>
Net current liabilities	(75,184,711)	(94,866,931)
Less: Non-current liabilities		
Lease liabilities	807,539	896,063
Borrowings	269,261,151	271,692,756
Deferred tax liabilities	17,359,396	16,828,222
	<u>287,428,086</u>	<u>289,417,041</u>
	<u>412,223,482</u>	<u>408,704,597</u>
Equity attributable to equity holders of the Company		
Share capital	1,147,143,742	1,146,970,491
Warrants reserve	32,725,839	32,725,839
Currency translation reserve	1,014,247	786,529
Share based payment reserve	123,664	123,664
Capital contribution reserve	6,115,578	6,115,578
Accumulated losses	(808,978,111)	(811,940,322)
Non-controlling interest	34,078,523	33,922,818
Total equity	<u>412,223,482</u>	<u>408,704,597</u>

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Attributable to equity holders of the Company

Group	Issued and fully paid ordinary shares								Total equity RM
	Share capital RM	Warrants reserve RM	Currency translation reserve RM	Share based payment reserve RM	Non-distributable Capital contribution RM	Distributable Accumulated losses RM	Non- controlling interest RM		
At 1 January 2022	1,146,970,491	32,725,839	786,529	123,664	6,115,578	(811,940,322)	33,922,818	408,704,597	
Profit for the financial year	-	-	-	-	-	2,962,211	(63,088)	2,899,123	
Currency translation differences, representing total income and expense recognised directly in equity	-	-	227,718	-	-	-	218,793	446,511	
Total comprehensive income for the financial year	-	-	227,718	-	-	2,962,211	155,705	3,345,634	
Issuance of shares for ESOS	173,251	-	-	-	-	-	-	173,251	
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	-	-	
Share based payment	-	-	-	-	-	-	-	-	
Contribution of capital	-	-	-	-	-	-	-	-	
At 31 March 2022	<u>1,147,143,742</u>	<u>32,725,839</u>	<u>1,014,247</u>	<u>123,664</u>	<u>6,115,578</u>	<u>(808,978,111)</u>	<u>34,078,523</u>	<u>412,223,482</u>	

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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		
Profit for the financial year	-	-	-	-	-	22,696,297	6,417,972	29,114,269		
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	-	-	22,696,297	6,777,104	29,847,385		
Issuance of shares for early debt settlement	3,844,547	-	-	-	-	-	-	3,844,547		
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	86,379	86,379		
Issuances of shares for ESOS	306,900	-	-	(133,650)	-	-	-	173,250		
Share based payments	-	-	-	133,650	-	-	-	133,650		
Share option lapsed	-	-	-	(229,193)	-	229,193	-	-		
Contribution of capital	-	-	-	-	531,534	-	-	531,534		
At 31 December 2021	<u>1,146,970,491</u>	<u>32,725,839</u>	<u>786,529</u>	<u>123,664</u>	<u>6,115,578</u>	<u>(811,940,322)</u>	<u>33,922,818</u>	<u>408,704,597</u>		

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT PERIOD ENDED (UNAUDITED) 31.03.2022 RM	CORRESPONDING PERIOD ENDED (UNAUDITED) 31.03.2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	6,158,695	(8,637,537)
Adjustments for:		
Depreciation of property, plant and equipment	14,611,481	13,932,271
Depreciation of right-of-use assets	136,232	179,953
Interest expense	8,477,688	7,883,554
Interest income	(24,116)	(163,034)
Loss on early debt settlement	-	1,303,603
Unrealised loss on foreign exchange	-	10,924
Operating profit before working capital changes	<u>29,359,980</u>	<u>14,509,734</u>
Changes in working capital:		
Increase in inventories	(24,164)	(71,945)
Decrease/(Increase) in receivables	23,398,840	(7,103,035)
Increase in payables	299,999	6,561,661
Cash generated from operations	<u>53,034,655</u>	<u>13,896,415</u>
Tax paid	<u>(1,415,576)</u>	<u>(373,705)</u>
Net cash generated from operating activities	<u>51,619,079</u>	<u>13,522,710</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,160,384)	(176,863,753)
Purchase of intangible assets	-	(2,074,750)
Acquisition of a subsidiary	-	(1,058,123)
Interest received	24,116	163,034
Net cash used in investing activities	<u>(2,136,268)</u>	<u>(179,833,592)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of Shareholder's Advance from immediate holding company	(10,000,000)	174,200,000
Repayment of lease liabilities	(130,349)	(193,451)
Repayment of borrowings	(9,093,224)	(8,204,063)
Interest paid	(7,037,581)	(7,392,762)
Issuance of shares	173,251	-
Increase in deposits pledged as security	(12,475,910)	(4,484,623)
Net cash generated from financing activities	<u>(38,563,813)</u>	<u>153,925,101</u>
Unrealised foreign exchange gain on cash and bank balances	446,506	532,303
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	11,365,504	(11,853,478)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>40,452,185</u>	<u>54,633,078</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>51,817,689</u>	<u>42,779,600</u>
Deposit pledged as security	<u>55,194,126</u>	<u>24,819,306</u>
CASH AND BANK BALANCES	<u>107,011,815</u>	<u>67,598,906</u>

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

**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 2021.

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 2021, 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 after 1 January 2021. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for the following set out below:

- Annual Improvements to MFRS 9 ‘Fees in the 10% test for derecognition of financial liabilities’ (effective 1 January 2022);
- Amendments to MFRS 3 ‘Reference to Conceptual Framework’ (effective 1 January 2022);
- Amendments to MFRS 116 ‘Proceeds before intended use’ (effective 1 January 2022);
- Amendments to MFRS 137 ‘Onerous contracts - cost of fulfilling a contract’ (effective 1 January 2022);
- Amendments to MFRS 101 ‘Classification of liabilities as current or non-current’ (effective 1 January 2023);
- and
- Amendments to MFRS 112 ‘Deferred Tax related to Assets and Liabilities arising from a Single Transaction’ (effective 1 January 2023).

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 March 2022.

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 March 2022.

5. DEBT AND EQUITY SECURITIES

There were no debt and equity securities issued in the quarter and year ended 31 March 2022.

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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 March 2022.

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 2022 is as follows:

Individual/Cumulative Quarter Ended 31.03.2022	OSV RM'000	Drilling RM'000	Group RM'000
Revenue	39,702	27,249	66,951
<u>Results</u>			
Profit from operations	3,616	11,020	14,636
Finance cost	(4,024)	(4,454)	(8,478)
Taxation	(1,552)	(1,707)	(3,259)
Profit for the financial period	(1,960)	4,860	2,899

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 YEAR ENDED		CORRESPONDING YEAR ENDED	
	31.03.2022		31.03.2021		31.03.2022		31.03.2021	
	%	RM	%	RM	%	RM	%	RM
Revenue								
Malaysia	78	52,059,492	64	32,476,641	78	52,059,492	64	32,476,641
Others	22	14,891,672	36	18,493,912	22	14,891,672	36	18,493,912
Total	100	66,951,164	100	50,970,553	100	66,951,164	100	50,970,553

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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 31.03.2022 RM	CORRESPONDING QUARTER ENDED 31.03.2021 RM	CURRENT YEAR ENDED 31.03.2022 RM	CORRESPONDING YEAR ENDED 31.03.2021 RM
Analysis of revenue by category:				
- Charter hire own vessel and rig	65,275,438	49,512,01	65,275,438	49,512,014
- Others ⁽¹⁾	1,675,726	1,458,539	1,675,726	1,458,539
	66,951,164	50,970,553	66,951,164	50,970,553

Note

⁽¹⁾ 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 2022.

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 31.03.2022 RM	AS AT 31.03.2021 RM
Approved and contracted capital expenditure commitments	-	-

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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 RM164.2 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 31.03.2022 RM</u>	<u>CORRESPONDING QUARTER ENDED 31.03.2021 RM</u>	<u>CURRENT PERIOD ENDED 31.03.2022 RM</u>	<u>CORRESPONDING PERIOD ENDED 31.03.2021 RM</u>
Interest expense to immediate holding company	<u>4,453,644</u>	<u>3,412,411</u>	<u>4,453,644</u>	<u>3,412,411</u>

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. On 1 January 2022, the Group has made a repayment of RM10,000,000 of principal amount to HOSB.

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.

	Carrying amount		Fair Value	
	AS AT 31.03.2022	AS AT 31.12.2021	AS AT 31.03.2022	AS AT 31.12.2021
	RM	RM	RM	RM
Fixed rate term loans	74,068,806	77,823,679	69,669,001	69,480,709

12. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment during the quarter and year ended 31 March 2022 except for vessels for the purpose of impairment review. As at 31 March 2022, 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 2022, 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 March 2022) against the corresponding quarter (Quarter ended 31 March 2021):

(i) Revenue

Revenue increased by RM16.0 million or 31%, from RM51.0 million in the corresponding quarter to RM67.0 million in the current quarter, mainly due to contribution from Drilling Segment commencing its operation in April 2021 offset by lower revenue from OSV Segment.

(ii) Gross profit

The cost of sales increased by RM1.8 million or 4% from RM42.6 million in the quarter ended 31 March 2021 to RM44.4 million in the quarter ended 31 March 2022 mainly due to cost of sales relating to Drilling Segment.

Consequently, the Group gross profit increased by RM14.2 million or >100%, from RM8.4 million in the corresponding quarter to RM22.6 million in the current quarter primarily due to contribution from Drilling Segment.

(iii) Administrative expenses

The administrative expenses increased by RM0.1 million or 2%, from RM8.0 million for the quarter ended 31 March 2021 to RM8.1 million for the quarter ended 31 March 2022 primarily due to higher administrative expenses from OSV Segment.

(iv) Taxation

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED 31.03.2022	CORRESPONDING QUARTER ENDED 31.03.2021	CURRENT PERIOD ENDED 31.03.2022	CORRESPONDING PERIOD ENDED 31.12.2021
	RM	RM	RM	RM
Current tax	2,010,205	212,059	2,010,205	212,059
Deferred tax	1,249,367	432,278	1,249,367	432,278
Tax expense for the financial year	<u>3,259,572</u>	<u>644,337</u>	<u>3,259,572</u>	<u>644,337</u>
Effective tax rate	53%	7%	53%	7%

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.

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**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 quarter ended 31 March 2022 against the corresponding quarter ended 31 March 2021:

(v) Profit after taxation (continued)

The Group recorded profit after taxation of RM2.9 million in the current year compared to loss after taxation of RM9.3 million. The corresponding year loss after taxation included other income from expenses relating to Drilling segment of RM8.8 million and loss on fair value on early debt settlement amounting to RM1.3 million.

The following table reflects the adjusted comparative figures: -

	Current Quarter Ended 31 March 2022 (mil RM)	Corresponding Quarter Ended 31 March 2021 (mil RM)
Profit/(Loss) After Taxation	2.9	(9.3)
Add: Expenses relating to Drilling segment	-	8.8
Loss on fair value on early debt settlement	-	1.3
Adjusted Profit After Taxation	2.9	0.8

15.3 Review of performance for the current quarter (Quarter ended 31 March 2022) against the preceding quarter (Quarter ended 31 December 2021):

The Group revenue decreased by RM14.0 million or 17% from RM80.9 million in the quarter ended 31 December 2021 to RM67.0 million in the quarter ended 31 March 2022 mainly due to lower utilisation of vessels in OSV Segment.

The Group recorded profit after taxation of RM2.9 million in current quarter compared to profit after taxation of RM7.5 million for the preceding quarter ended 31 December 2021 due to lower revenue.

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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

16. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022

The outlook of upstream exploration and production activities in Malaysia and the region is expected to be more favorable this year on the back of strong rebound in Brent crude oil prices. In addition, Group's Drilling Segment has fully commenced its operation since April 2021 and has contributed strong Group performance in the first four months in FY2022 with 100% utilisation.

The Order Book as at 31 March 2022 stands at RM680.3 million, comprising of RM636.3 million for OSV Segment and RM44.0 million for Drilling Segment. Long Term Contracts represents 94% 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 2021.

ICON OFFSHORE BERHAD (201201011310 (984830-D))
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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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

19. PROFIT BEFORE TAX

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED 31.03.2022	CORRESPONDING QUARTER ENDED 31.03.2021	CURRENT YEAR ENDED 31.03.2022	CORRESPONDING YEAR ENDED 31.03.2021
	RM	RM	RM	RM
Depreciation of property, plant and equipment	14,611,481	13,932,271	14,611,481	13,932,271
Depreciation of right-of-use assets	136,232	179,953	136,232	179,953
Insurance expenses	2,199,686	1,815,177	2,199,686	1,815,177
Interest income	(24,116)	(163,034)	(24,116)	(163,034)
Interest expense	8,477,688	7,883,554	8,477,688	7,883,554
Realised loss on foreign exchange	64,629	61,062	64,629	61,062
Unrealised loss on foreign exchange	-	10,924	-	10,924
Loss on early debt settlement	-	1,303,603	-	1,303,603
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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. 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.

	AS AT 31.03.2022	AS AT 31.12.2021
	RM	RM
Short term:		
<u>Secured</u>		
Bank borrowings		
- term loans	11,591,358	38,824,366
Redeemable preference shares	9,347,459	9,283,668
	43,473,543	48,108,034
Long-term:		
<u>Secured</u>		
Bank borrowings		
- term loan	263,290,362	265,796,120
- Revolving credit (Commodity Murabahah Financing-i)	5,970,789	5,896,636
	269,261,151	271,692,756
Total borrowings	312,734,694	319,800,790

Total term loan in currency other than MYR is BND3.7 million (equivalent to RM11.6 million) which is a secured loan.

As at 31 March 2022, the Group has provided bank guarantees, tender bonds and bid bonds amounting to RM7.3 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 March 2022.

22. CHANGES IN MATERIAL LITIGATION

(i) Labuan Shipyard & Engineering Sdn. Bhd. vs Icon Ship Management Sdn. Bhd.

Further to the announcements made on 27 October 2021 and the latest Q4 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. ("LSE" or the "Plaintiff") against the Group's wholly owned subsidiary, Icon Ship Management Sdn. Bhd. ("ISM" or the "Defendant"), Icon Offshore Berhad ("ICON" or the "Company") wishes to announce further developments in respect of the Suit.

A case management was held on 8 March 2022 whereby the Judge had agreed to vacate the present trial dates of 11-14 April 2022 and moved to 13-14 October 2022. Another court-assisted mediation which was scheduled to be held on 4 March 2022 was vacated and was held on 8 April 2022 instead. The Parties were instructed to convene another mediation on 8 June 2022. The next case management date to update the Court on the outcome of the mediation is on 29 September 2022.

(ii) Icon Offshore Group Sdn. Bhd. vs Sapura Offshore Sdn. Bhd.

Icon Offshore Group Sdn. Bhd., a wholly-owned subsidiary of Icon Offshore Berhad, had on 21 February 2022 filed a winding up petition at Shah Alam High Court pursuant to Sections 464(1)(b), 465(1)(e) and 466(1)(a) of the Companies Act 2016 against Sapura Offshore Sdn Bhd due to the failure on the part of the Respondent to pay the total sum of RM3,620,085.47 to IOG.

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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

22. CHANGES IN MATERIAL LITIGATION (continued)

(ii) Icon Offshore Group Sdn. Bhd. vs Sapura Offshore Sdn. Bhd. (continued)

The matter which was pre-fixed for case management on 17 March 2022 and hearing on 24 May 2022 are now vacated in view of the Restraining Order granted by the High Court of Malaya to Sapura Energy and its subsidiaries including Sapura Offshore Sdn. Bhd, under Sections 366 and 368 of the Companies Act 2016.

(iii) Icon Offshore Group Sdn. Bhd. vs Sapura Pinewell Sdn. Bhd.

Icon Offshore Group Sdn. Bhd., a wholly-owned subsidiary of Icon Offshore Berhad, had on 24 February 2022 initiated an action towards Sapura Pinewell Sdn. Bhd. ("Sapura Pinewell") for an amount outstanding of RM2,842,272 due to failure on Sapura Pinewell to pay the amount outstanding. A Judgment in Default was entered wherein Sapura Pinewell is to pay IOG the total sum of RM2,842,272 together with the interest at the rate of 1 % on the outstanding amounts for each invoices from date of maturity till date of judgment and interest at the rate of 5% on RM2,842,272 from date of judgment until full settlement.

Upon failure of Sapura Pinewell to comply with the payment pursuant to the Judgment in Default and noting the Restraining Order was granted by the High Court of Malaya to Sapura Energy and its subsidiaries including Sapura Pinewell Sdn. Bhd, under Sections 366 and 368 of the Companies Act 2016, the winding up action is now vacated pending the outcome of the Restraining Order.

23. EARNINGS/(LOSS) PER SHARE ("EPS"/("LPS"))

The basic EPS/(LPS) 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 31.03.2022</u>	<u>CORRESPONDING QUARTER ENDED 31.03.2021</u>	<u>CURRENT PERIOD ENDED 31.03.2022</u>	<u>CORRESPONDING PERIOD ENDED 31.03.2021</u>
Profit attributable to equity holders (RM)	2,962,211	(11,152,174)	2,962,211	(11,152,174)
Weighted average number of ordinary shares in issue	<u>2,703,995,454</u>	<u>2,375,365,951</u>	<u>2,703,995,454</u>	<u>2,375,365,951</u>
Basic/diluted EPS/(LPS) (sen)	<u>0.11</u>	<u>(0.42)</u>	<u>0.11</u>	<u>(0.42)</u>

As at 31 March 2022, the Company has 2,110,000 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
26 May 2022