

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

**QUARTERLY REPORT**  
**FOR THE THIRD QUARTER ENDED 30<sup>th</sup> SEPTEMBER 2022**

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

**QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30<sup>th</sup> SEPTEMBER 2022**

The Board of Directors of Icon Offshore Berhad ("ICON" or "the Group") announce the following unaudited condensed consolidated financial statements for the third quarter and year ended 30<sup>th</sup> September 2022 which should be read in conjunction with the audited financial statements for the financial year ended 31<sup>st</sup> December 2021.

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Note	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
		CURRENT QUARTER ENDED (UNAUDITED) 30.09.2022 RM	CORRESPONDING QUARTER ENDED (UNAUDITED) 30.09.2021 RM	CURRENT YEAR ENDED (UNAUDITED) 30.09.2022 RM	CORRESPONDING YEAR ENDED (UNAUDITED) 30.09.2021 RM
Revenue	15.1 (i)	78,507,680	87,283,322	225,066,087	219,990,322
Cost of sales		(50,120,995)	(47,924,672)	(143,688,616)	(138,376,672)
Gross profit	15.1 (ii)	28,386,685	39,358,650	81,377,472	81,613,650
Other income		1,584,766	424,907	2,107,083	4,259,907
Administrative expenses	15.1 (iii)	(9,193,631)	(8,528,214)	(25,999,520)	(23,810,214)
Profit from operations		20,777,820	31,255,343	57,485,035	62,063,343
Finance costs		(8,605,540)	(9,889,328)	(25,354,082)	(28,281,328)
Profit before taxation		12,172,280	21,366,015	32,130,953	33,782,015
Taxation	15.1 (iv)	(3,125,512)	(4,502,321)	(10,433,150)	(9,305,980)
Profit for the quarter/year	15.1 (v)	9,046,768	16,863,694	21,697,802	24,476,035
Other comprehensive income: Items that will be classified subsequently to profit or loss: Currency translation differences		1,252,481	(193,311)	2,993,032	346,679
Total comprehensive income for the quarter/year		10,299,249	16,670,383	24,690,834	24,822,714

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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>30.09.2022</u>	<u>30.09.2021</u>	<u>30.09.2022</u>	<u>30.09.2021</u>
	RM	RM	RM	RM
Profit attributable to:				
-Equity holders of the Company	7,651,442	14,371,654	17,925,808	17,900,995
-Non-controlling interests	<u>1,395,326</u>	<u>2,492,040</u>	<u>3,771,995</u>	<u>6,575,040</u>
	<u>9,046,768</u>	<u>16,863,694</u>	<u>21,697,802</u>	<u>24,476,035</u>
Total comprehensive income attributable to:				
-Equity holders of the Company	8,290,208	14,273,066	19,452,254	18,077,889
-Non-controlling interests	<u>2,009,042</u>	<u>2,397,317</u>	<u>5,238,581</u>	<u>6,744,825</u>
	<u>10,299,249</u>	<u>16,670,383</u>	<u>24,690,834</u>	<u>24,822,714</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>0.53</u>	<u>0.66</u>	<u>0.66</u>

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>Unaudited As at 30.09.2022 RM</b>	<b>Audited As at 31.12.2021 RM</b>
<b>Non-current assets</b>		
Property, plant and equipment	704,884,636	737,013,307
Intangible assets	1,927,605	1,993,820
Prepayments	-	4,846,768
Cash and bank balances	15,638,089	15,638,089
Right-of-use assets	912,048	1,311,360
Deferred tax assets	28,711,595	32,185,225
	<u>752,073,972</u>	<u>792,988,569</u>
<b>Current assets</b>		
Trade and other receivables	531,023	105,081,684
Inventories	102,411,124	1,069,617
Tax recoverable	1,715,553	2,021,159
Cash and bank balances	84,504,575	67,532,312
	<u>189,162,275</u>	<u>175,704,772</u>
<b>Less: Current liabilities</b>		
Trade and other payables	38,279,836	46,130,932
Amount due to immediate holding company	159,200,000	174,200,000
Lease liabilities	444,972	443,940
Borrowings	25,081,482	48,108,034
Taxation	285,571	1,688,797
	<u>223,291,861</u>	<u>270,571,703</u>
<b>Net current liabilities</b>	(34,129,586)	(94,866,931)
<b>Less: Non-current liabilities</b>		
Lease liabilities	495,716	896,063
Borrowings	265,103,841	271,692,756
Deferred tax liabilities	19,579,307	16,828,222
	<u>285,178,864</u>	<u>289,417,041</u>
	<u>432,765,522</u>	<u>408,704,597</u>
<b>Equity attributable to equity holders of the Company</b>		
Share capital	1,147,143,741	1,146,970,491
Warrants reserve	32,725,839	32,725,839
Currency translation reserve	2,312,975	786,529
Share based payment reserve	123,664	123,664
Capital contribution reserve	6,115,578	6,115,578
Accumulated losses	(794,014,514)	(811,940,322)
Non-controlling interest	38,358,239	33,922,818
<b>Total equity</b>	<u>432,765,522</u>	<u>408,704,597</u>

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**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 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	-	-	-	-	-	17,925,808	3,771,995	21,697,803		
Currency translation differences, representing total income and expense recognised directly in equity	-	-	1,526,446	-	-	-	1,466,586	2,993,032		
Total comprehensive income for the financial year	-	-	1,526,446	-	-	17,925,808	5,238,581	24,690,835		
Issuance of shares for ESOS	173,250	-	-	-	-	-	-	173,250		
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	-	-		
Cash dividend to non-controlling interests	-	-	-	-	-	-	(803,161)	(803,161)		
Share based payment	-	-	-	-	-	-	-	-		
Contribution of capital	-	-	-	-	-	-	-	-		
At 30 September 2022	<u>1,147,143,741</u>	<u>32,725,839</u>	<u>2,312,975</u>	<u>123,664</u>	<u>6,115,578</u>	<u>(794,014,514)</u>	<u>38,358,239</u>	<u>432,765,522</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**

	<b>CURRENT PERIOD ENDED (UNAUDITED) 30.09.2022 RM</b>	<b>CORRESPONDING PERIOD ENDED (UNAUDITED) 30.09.2021 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	32,130,953	33,782,015
Adjustments for:		
Depreciation of property, plant and equipment	43,488,138	44,086,384
Depreciation of right-of-use assets	399,312	487,400
Amortisation of intangible asset	66,215	-
Interest expense	25,354,082	26,358,475
Interest income	(1,979,426)	(387,380)
Share-based payment expense	-	72,863
Loss on early debt settlement	-	1,922,854
Employee Share Grant Plan ("ESGP") Expenses	-	321,530
Gain on sale of fuel upon offhire of vessels	-	(812,164)
Write down of Net Book Value ("NBV") relating to AHFS	-	155,755
Unrealised loss on foreign exchange	-	(761,645)
Operating profit before working capital changes	<u>99,459,274</u>	<u>105,226,087</u>
Changes in working capital:		
Increase in inventories	538,594	32,728
Increase / (Decrease) in receivables	7,517,329	(24,432,666)
(Decrease)/ Increase in payables	<u>(45,321,286)</u>	<u>8,799,902</u>
Cash generated from operations	62,193,911	89,626,051
Tax paid	<u>(5,393,797)</u>	<u>(1,639,355)</u>
<b>Net cash generated from operating activities</b>	<u>56,800,114</u>	<u>87,986,696</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceed from disposal of property, plant and equipment	1,710,036	-
Purchase of property, plant and equipment	(13,069,503)	(196,801,836)
Purchase of intangible assets	-	(2,074,750)
Acquisition of a subsidiary	-	(1,058,122)
Interest received	<u>1,979,426</u>	<u>357,811</u>
<b>Net cash used in investing activities</b>	<u>(9,380,041)</u>	<u>(199,576,897)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Repayment)/ Drawdown of Shareholder's Advance from immediate holding company	(15,000,000)	174,200,000
Repayment of lease liabilities	(381,115)	(523,834)
Repayment of borrowings	(13,069,503)	(29,927,288)
Interest paid	(6,981,388)	(21,886,920)
Issuance of shares	173,250	-
Increase/(Decrease) in deposits pledged as security	1,635,779	(7,692,128)
Cash dividend to non-controlling interests	<u>(803,161)</u>	<u>-</u>
<b>Net cash (used in) / generated from financing activities</b>	<u>(31,805,061)</u>	<u>114,169,830</u>
Unrealised foreign exchange gain on cash and bank balances	2,993,031	346,679
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	18,608,042	3,623,988
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>27,976,275</u>	<u>54,633,078</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	46,584,318	58,257,066
Deposit pledged as security	53,558,347	28,026,811
<b>CASH AND BANK BALANCES</b>	<u>100,142,664</u>	<u>86,283,877</u>

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**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<sup>st</sup> 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<sup>st</sup> 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<sup>st</sup> January 2022. 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<sup>st</sup> January 2022);
- Amendments to MFRS 3 ‘Reference to Conceptual Framework’ (effective 1<sup>st</sup> January 2022);
- Amendments to MFRS 116 ‘Proceeds before intended use’ (effective 1<sup>st</sup> January 2022);
- Amendments to MFRS 137 ‘Onerous contracts - cost of fulfilling a contract’ (effective 1<sup>st</sup> January 2022);
- Amendments to MFRS 101 ‘Classification of liabilities as current or non-current’ (effective 1<sup>st</sup> January 2023); and
- Amendments to MFRS 112 ‘Deferred Tax related to Assets and Liabilities arising from a Single Transaction’ (effective 1<sup>st</sup> 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.

**3. UNUSUAL ITEMS**

No unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group in the quarter ended 30<sup>th</sup> September 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 ended 30<sup>th</sup> September 2022.

**5. DEBT AND EQUITY SECURITIES**

There were no debt and equity securities issued in the quarter ended 30<sup>th</sup> September 2022.



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

**6. DIVIDEND PAID**

Dividend was paid by I Oilfield Service Sdn Bhd to Icon Fleet Sdn Bhd (at 51% ownership) and Minority Shareholder (49% ownership) amounted to RM0.8 million respectively during the quarter and year ended 30<sup>th</sup> September 2022.

**7. SEGMENT RESULTS AND REPORTING**

**7.1 Reportable Segment**

Effective from 2<sup>nd</sup> 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 30<sup>th</sup> September 2022 is as follows:

Individual Quarter Ended 30.09.2022	OSV RM'000	Drilling RM'000	Group RM'000
Revenue	52,890	25,618	78,508
<u>Results</u>			
Profit from operations	14,332	6,447	20,779
Finance cost	(4,192)	(4,414)	(8,606)
Taxation	(2,712)	(414)	(3,126)
<b>Profit for the financial period</b>	<b>7,428</b>	<b>1,619</b>	<b>9,047</b>

Cumulative Period Ended 30.09.2022	OSV RM'000	Drilling RM'000	Group RM'000
Revenue	143,181	81,885	225,066
<u>Results</u>			
Profit from operations	29,936	27,549	57,485
Finance cost	(12,120)	(13,234)	(25,354)
Taxation	(6,972)	(3,461)	(10,433)
<b>Profit for the financial year</b>	<b>10,844</b>	<b>10,854</b>	<b>21,698</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 30.09.2022		CORRESPONDING QUARTER ENDED 30.09.2021		CURRENT YEAR ENDED 30.09.2022		CORRESPONDING YEAR ENDED 30.09.2021	
	%	RM	%	RM	%	RM	%	RM
<b>Revenue</b>								
Malaysia	69	53,810,163	74	64,450,178	73	164,203,296	70	154,984,206
Others	31	24,697,517	26	22,833,144	27	60,862,791	30	65,006,116
<b>Total</b>	<b>100</b>	<b>78,507,680</b>	<b>100</b>	<b>87,283,322</b>	<b>100</b>	<b>225,066,087</b>	<b>100</b>	<b>219,990,322</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 30.09.2022 RM	CORRESPONDING QUARTER ENDED 30.09.2021 RM	CURRENT YEAR ENDED 30.09.2022 RM	CORRESPONDING YEAR ENDED 30.09.2021 RM
Analysis of revenue by category:				
- Charter hire own vessel and rig	75,095,948	84,466,967	213,542,528	212,218,967
- Others <sup>(1)</sup>	3,411,732	2,816,355	11,523,559	7,771,355
	78,507,680	87,283,322	225,066,087	219,990,322

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 30<sup>th</sup> September 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 30.09.2022 RM	AS AT 30.09.2021 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 RM159.2 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 30.09.2022 RM</u>	<u>CORRESPONDING QUARTER ENDED 30.09.2021 RM</u>	<u>CURRENT PERIOD ENDED 30.09.2022 RM</u>	<u>CORRESPONDING PERIOD ENDED 30.09.2021 RM</u>
Interest expense to immediate holding company	<u>4,413,984</u>	<u>4,829,874</u>	<u>13,233,633</u>	<u>13,019,660</u>

On 22<sup>nd</sup> 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<sup>st</sup> 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<sup>th</sup> 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<sup>st</sup> December 2022, or upon completion of any fund raising and/or bank financing exercise, whichever is earlier. The Group has made a repayment of principal amount to HOSB of RM10,000,000 on 1<sup>st</sup> January 2022 and RM5,000,000 on 1<sup>st</sup> April 2022.

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 30.09.2022	AS AT 31.12.2021	AS AT 30.09.2022	AS AT 31.12.2021
	RM	RM	RM	RM
Fixed rate term loans	66,182,458	77,823,679	70,851,401	69,480,709

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

There were no revaluations of property, plant and equipment during the quarter ended 30<sup>th</sup> September 2022. As at 30<sup>th</sup> September 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 30<sup>th</sup> September 2022, the Group did not have any material contingent liabilities or assets.

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**QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30<sup>th</sup> SEPTEMBER 2022**

**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 30<sup>th</sup> September 2022) against the corresponding quarter (Quarter ended 30<sup>th</sup> September 2021):**

**(i) Revenue**

Revenue decreased by RM8.8 million or 10%, from RM87.3 million in the corresponding quarter to RM78.5 million in the current quarter, mainly due to lower revenue from OSV Segment and Drilling Segment as result of lower current quarter utilisation.

**(ii) Gross profit**

The cost of sales increased by RM2.2 million or 5% from RM47.9 million in the quarter ended 30<sup>th</sup> September 2021 to RM50.1 million in the quarter ended 30<sup>th</sup> September 2022.

Consequently, the Group gross profit decreased by RM11.0 million or 28%, from RM39.4 million in the corresponding quarter to RM28.4 million in the current quarter primarily due to lower gross profit contribution from OSV Segment and Drilling Segment.

**(iii) Administrative expenses**

The administrative expenses increased by RM0.7 million or 8%, from RM8.5 million for the quarter ended 30<sup>th</sup> September 2021 to RM9.2 million for the quarter ended 30<sup>th</sup> September 2022 primarily due to higher administrative expenses from Drilling Segment.

**(iv) Taxation**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE PERIOD</b>	
	<b>CURRENT QUARTER ENDED 30.09.2022</b>	<b>CORRESPONDING QUARTER ENDED 30.09.2021</b>	<b>CURRENT PERIOD ENDED 30.09.2022</b>	<b>CORRESPONDING PERIOD ENDED 30.09.2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Current tax	616,776	2,295,797	4,225,684	3,571,593
Deferred tax	2,508,736	2,206,524	6,207,466	5,734,387
Tax expense for the financial year	<u>3,125,512</u>	<u>4,502,321</u>	<u>10,433,150</u>	<u>9,305,980</u>
Effective tax rate	26%	21%	32%	28%

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 RM9.0 million in the second quarter compared to profit after tax of RM16.9 million in the corresponding quarter. OSV Segment contributed profit after taxation of RM7.4 million and Drilling Segment contributed RM1.6 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 period ended 30<sup>th</sup> September 2022 against the corresponding period ended 30<sup>th</sup> September 2021:**

**(i) Revenue**

Revenue increased by RM5.1 million or 2%, from RM220.1 million in the corresponding year to RM225.1 million in the current year, mainly due to higher revenue from Drilling Segment offset with lower revenue from OSV Segment for the current year due to lower utilisation rate.

**(ii) Gross profit**

The cost of sales increased by RM5.3 million or 4%, from RM138.4 million in the year ended 30<sup>th</sup> September 2021 to RM143.7 million in the year ended 30<sup>th</sup> September 2022 mainly due to higher cost of sales from Drilling Segment in the current period.

The Group gross profit change is minimal from RM81.6 million in the corresponding year to RM81.4 million in the current year.

**(iii) Administrative expenses**

The administrative expenses increased by RM2.2 million or 9%, from RM23.8 million to RM26.0 million for the year ended 30<sup>th</sup> September 2022 primarily due to administrative expenses from Drilling Segment

**(v) Profit after taxation**

The Group recorded profit after taxation of RM21.7 million in the current year compared to profit after taxation of RM24.5 million. The corresponding year profit after taxation included loss on fair value on early debt settlement amounting to RM1.9 million, write down of NBV related to Asset Held For Sales (AHFS) of RM0.2 million, Employee's Share Grant Plant (ESGP) expenses of RM0.2 million, other income from expenses relating to Drilling segment of RM0.8 million and gain on sale of fuel of RM0.2 million.

The following table reflects the adjusted comparative figures: -

	<b>Current Period Ended 30 September 2022 (mil RM)</b>	<b>Corresponding Period Ended 30 September 2021 (mil RM)</b>
Profit After Taxation	21.7	24.5
Add: Loss on fair value on early debt settlement	-	1.9
Write down of NBV relating to AHFS	-	0.2
ESGP Expenses	-	0.2
Less: Unrealised gain of forex	-	(0.8)
Gain on sale of fuel upon offhire of vessels	-	(0.8)
<b>Adjusted Profit After Taxation</b>	<b>21.7</b>	<b>25.2</b>

**15.3 Review of performance for the current quarter (Quarter ended 30<sup>th</sup> September 2022) against the preceding quarter (Quarter ended 30<sup>th</sup> June 2022):**

The Group revenue decreased by RM1.1 million or 1% from RM79.6 million in the quarter ended 30<sup>th</sup> June 2022 to RM78.5 million in the quarter ended 30<sup>th</sup> September 2022 mainly due to lower utilisation of vessels in OSV Segment.

The Group recorded profit after taxation of RM9.0 million in current quarter is lower compared to profit after taxation of RM9.8 million for the preceding quarter ended 30<sup>th</sup> June 2022 due to lower utilisation for both segments.

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

**16. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31<sup>st</sup> DECEMBER 2022**

The outlook of upstream exploration and production activities in Malaysia and the region is expected to be favorable this year on the back of strong rebound in Brent crude oil prices.

The Order Book as at 30th September 2022 stands at RM652.5 million for OSV Segment. Long Term Contracts represents 96% of the Order Book which will provide cashflow stability and earnings visibility.

On 30 August 2022, Icon Caren (L) Inc, a wholly-owned subsidiary of Icon Fleet Sdn Bhd, which in turn is a wholly-owned subsidiary of Icon, had entered into a Sale and Purchase Agreement with ADES Saudi Limited Company, an assignee of ADES Arabia Holding for the disposal of 'Perisai Pacific 101', a jack-up drilling rig for a total disposal consideration of USD85,000,000. On 1 November 2022, the resolution of the proposed disposal above was duly passed at the Extraordinary General Meeting of the Company. The disposal has been completed on 22 November 2022.

The sale of the rig is timely and provides ICON the opportunity to unlock the substantial value and monetise its investment in the Jack-Up Rig at a significant profit. This also allows us to streamline our operations and focus on:

- i. Existing OSV business operational efficiencies and maximising utilisation rates as well as leveraging on its continued presence in Brunei
- ii. M&A of business or investments (in light asset business / services) and Organic growth through existing business
- iii. Bareboat charter of third-party rigs for future tenders (for drilling contracts)

The Board of Directors will remain focused on improvement initiatives and synergistic business opportunities, at the back of favorable outlook in the Oil and Gas sector.

**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<sup>st</sup> December 2021.

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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 30.09.2022 RM	CORRESPONDING QUARTER ENDED 30.09.2021 RM	CURRENT YEAR ENDED 30.09.2022 RM	CORRESPONDING YEAR ENDED 30.09.2021 RM
Depreciation of property, plant and equipment	14,578,763	15,111,691	43,488,138	44,086,384
Depreciation of right-of-use assets	126,848	-	399,312	359,905
Amortisation of intangible asset	66,215	-	66,215	-
Approved insurance claim	-	-	-	(3,477,132)
Insurance expenses	2,030,734	2,061,824	6,524,097	5,931,670
Interest income	(1,584,766)	(29,570)	(1,979,426)	(387,380)
Interest expense	8,605,540	9,270,149	25,354,082	26,358,475
Realised loss on foreign exchange	488,016	167,948	750,877	266,606
Unrealised loss on foreign exchange	-	5,900	-	(761,645)
Loss on early debt settlement	-	619,251	-	1,922,854
Write down of NBV relating to AHFS	-	-	-	155,755
Gain on disposal of vessel	1,710,036	-	-	-
Realised gain on sale of fuel upon hire of vessels	-	(812,164)	-	(812,164)
ESGP Expense	-	248,567	-	248,567

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.

	<b>AS AT 30.09.2022</b>	<b>AS AT 31.12.2021</b>
	<b>RM</b>	<b>RM</b>
Short term:		
<u>Secured</u>		
Bank borrowings		
- term loans	15,336,535	38,824,366
Redeemable preference shares	9,744,947	9,283,668
	25,081,482	48,108,034
Long-term:		
<u>Secured</u>		
Bank borrowings		
- term loan	258,980,049	265,796,120
- Revolving credit (Commodity Murabahah Financing-i)	6,123,792	5,896,636
	265,103,841	271,692,756
<b>Total borrowings</b>	290,185,323	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 30<sup>th</sup> September 2022, the Group has provided bank guarantees, tender bonds and bid bonds amounting to RM11.3 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 30<sup>th</sup> June 2022.

**22. CHANGES IN MATERIAL LITIGATION**

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

Further to the Q1 2022 Bursa announcement in respect of a winding up petition filed against Sapura Offshore Sdn. Bhd. by the Company's wholly owned subsidiary, Icon Offshore Group Sdn. Bhd., the Court had vacated the hearing scheduled on 24<sup>th</sup> May 2022 and fixed the matter for further case management on 13<sup>th</sup> June 2022.

Case Management was held on 13<sup>th</sup> June 2022 wherein IOG's solicitor had been informed by Sapura's solicitor - Rahmat Lim & Partners that they had on 8<sup>th</sup> June 2022 obtained an extension of the Restraining Order for 9 months and that will expire on 10<sup>th</sup> March 2023; Therefore, the Court has now fixed the matter for further case management on 13<sup>th</sup> March 2023.

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE  
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**22. CHANGES IN MATERIAL LITIGATION (continued)**

(ii) 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<sup>th</sup> 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 invoice from date of maturity till date of judgment and interest at the rate of 5% on RM2,842,272 from date of judgement 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 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.

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED 30.09.2022	CORRESPONDING QUARTER ENDED 30.09.2021	CURRENT PERIOD ENDED 30.09.2022	CORRESPONDING PERIOD ENDED 30.09.2021
Profit attributable to equity holders (RM)	7,651,442	14,371,654	17,925,808	17,900,995
Weighted average number of ordinary shares in issue	<u>2,704,560,765</u>	<u>2,694,530,708</u>	<u>2,704,560,765</u>	<u>2,694,530,708</u>
Basic/diluted EPS (sen)	<u>0.28</u>	<u>0.53</u>	<u>0.66</u>	<u>0.66</u>

As at 30<sup>th</sup> September 2022, the Company has 2,110,000 potential ordinary shares outstanding pursuant to the issuance of the Employees' Share Option Scheme on 28<sup>th</sup> December 2016 and 17<sup>th</sup> 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  
24<sup>th</sup> November 2022