

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

QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31st December 2022

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

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31st December 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 31st December 2022 which should be read in conjunction with the audited financial statements for the financial year ended 31st December 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 (AUDITED)
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
		RM	RM	RM	RM
Revenue	15.1 (i)	57,501,324	80,606,775	282,567,411	300,597,097
Cost of sales		(60,109,376)	(54,524,208)	(203,797,992)	(192,900,880)
Gross profit	15.1 (ii)	(2,608,052)	26,082,567	78,769,419	107,696,217
Other income		218,015,781	349,612	220,122,864	4,609,519
Administrative expenses	15.1 (iii)	(31,326,984)	(8,426,047)	(57,326,504)	(32,236,261)
Other expenses		(9,262,498)	214,477	(9,262,498)	214,477
Profit from operations		174,818,246	18,220,609	232,303,281	80,283,952
Finance costs		(6,582,052)	(8,922,815)	(31,936,134)	(37,204,143)
Profit before taxation		168,236,194	9,297,794	200,367,147	43,079,809
Taxation	15.1 (iv)	(14,815,980)	(4,659,560)	(25,249,131)	(13,965,540)
Profit for the quarter/year	15.1 (v)	153,420,214	4,638,234	175,118,016	29,114,269
Other comprehensive income: Items that will be classified subsequently to profit or loss:					
Currency translation differences		769,658	193,126	3,762,690	733,116
Total comprehensive income for the quarter/year		154,189,872	4,831,360	178,880,706	29,847,385

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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>31.12.2022</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2021</u>
	RM	RM	RM	RM
Profit attributable to:				
-Equity holders of the Company	153,634,137	4,796,274	171,559,945	22,696,297
-Non-controlling interests	<u>(213,923)</u>	<u>(158,040)</u>	<u>3,558,071</u>	<u>6,417,972</u>
	<u>153,420,214</u>	<u>4,638,234</u>	<u>175,118,016</u>	<u>29,114,269</u>
Total comprehensive income attributable to:				
-Equity holders of the Company	154,026,663	4,894,768	173,478,917	23,070,281
-Non-controlling interests	<u>163,209</u>	<u>(63,408)</u>	<u>5,401,789</u>	<u>6,777,104</u>
	<u>154,189,872</u>	<u>4,831,360</u>	<u>178,880,706</u>	<u>29,847,385</u>
Profit per share for profit attributable to the ordinary equity holders of the Company:				
Basic/diluted earnings per share (sen)	<u>5.68</u>	<u>0.18</u>	<u>6.34</u>	<u>0.84</u>

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited As at 31.12.2022 RM	Audited As at 31.12.2021 RM
Non-current assets		
Property, plant and equipment	518,834,738	737,013,307
Intangible assets	-	1,993,820
Prepayments	-	4,846,768
Cash and bank balances	26,334,281	15,638,089
Right-of-use assets	978,542	1,311,360
Deferred tax assets	20,191,566	32,185,225
	<u>566,339,127</u>	<u>792,988,569</u>
Current assets		
Trade and other receivables	61,109,916	105,081,684
Inventories	2,739,092	1,069,617
Tax recoverable	2,268,349	2,021,159
Cash and bank balances	122,133,094	67,532,312
	<u>188,250,451</u>	<u>175,704,772</u>
Asset Held for Sale	301,496	-
	<u>188,551,947</u>	<u>175,704,772</u>
Less: Current liabilities		
Trade and other payables	35,168,292	46,130,932
Amount due to immediate holding company	-	174,200,000
Lease liabilities	444,972	443,940
Borrowings	23,534,942	48,108,034
Taxation	5,121,318	1,688,797
	<u>64,269,524</u>	<u>270,571,703</u>
Net current liabilities	124,282,423	(94,866,931)
Less: Non-current liabilities		
Lease liabilities	562,213	896,063
Borrowings	262,853,432	271,692,756
Deferred tax liabilities	21,475,311	16,828,222
	<u>284,890,956</u>	<u>289,417,041</u>
	<u>405,730,593</u>	<u>408,704,597</u>
Equity attributable to equity holders of the Company		
Share capital	1,147,143,741	1,146,970,491
Warrants reserve	32,725,839	32,725,839
Currency translation reserve	2,705,501	786,529
Share based payment reserve	123,664	123,664
Capital contribution reserve	6,115,578	6,115,578
Accumulated losses	(822,408,337)	(811,940,322)
Non-controlling interest	39,324,607	33,922,818
Total equity	<u>405,730,593</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								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	-	-	-	-	-	171,559,945	3,558,071	175,118,016	
Currency translation differences, representing total income and expense recognised directly in equity	-	-	1,918,972	-	-	-	1,843,718	3,762,690	
Total comprehensive income for the financial year	-	-	1,918,972	-	-	171,559,945	5,401,789	178,880,706	
Issuance of shares for ESOS	173,250	-	-	-	-	-	-	173,250	
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	-	-	
Cash dividend to equity holder	-	-	-	-	-	(181,224,799)	-	(181,224,799)	
Cash dividend to non-controlling interests	-	-	-	-	-	(803,161)	-	(803,161)	
Share based payment	-	-	-	-	-	-	-	-	
Contribution of capital	-	-	-	-	-	-	-	-	
At 31 December 2022	<u>1,147,143,741</u>	<u>32,725,839</u>	<u>2,705,501</u>	<u>123,664</u>	<u>6,115,578</u>	<u>(822,408,337)</u>	<u>39,324,607</u>	<u>405,730,593</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						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	-	-	-	-	-	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) 31.12.2022 RM	CORRESPONDING PERIOD ENDED (AUDITED) 31.12.2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	200,367,147	43,079,809
Adjustments for:		
Depreciation of property, plant and equipment	57,002,495	60,458,325
Depreciation of right-of-use assets	272,464	623,631
Amortisation of intangible asset	1,993,820	80,930
Interest expense	31,936,134	37,204,143
Interest income	(497,063)	(340,280)
Share-based payment expense	-	665,184
(Gain)/Loss on disposal of property, plant and equipment	(218,372,018)	(50,189)
Impairment loss on vessels	27,034,215	22,158,240
Reversal of impairment loss on vessel	(17,771,716)	(22,372,717)
Unrealised loss on foreign exchange	(675,131)	(758,952)
Impairment of receivables	4,654,534	1,142,871
Operating profit before working capital changes	85,944,880	141,891,565
Changes in working capital:		
Increase in inventories	(1,669,475)	(57,858)
Decrease / (Increase) in receivables	44,839,133	(52,776,248)
(Decrease) / Increase in payables	(10,574,915)	2,743,576
Cash generated from operations	118,539,623	91,801,035
Tax paid	(5,510,792)	(5,625,448)
Net cash generated from operating activities	113,028,831	86,175,587
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from disposal of property, plant and equipment	386,456,069	340,118
Purchase of property, plant and equipment	(16,471,971)	(186,384,848)
Purchase of intangible assets	-	(2,074,750)
Acquisition of a subsidiary	-	(1,058,122)
Interest received	497,063	340,280
Net cash generated / (used in) investing activities	370,481,161	(188,837,323)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment)/ Drawdown of Shareholder's Advance from immediate holding company	(174,200,000)	174,200,000
Repayment of lease liabilities	(508,309)	(654,182)
Repayment of borrowings	(33,476,553)	(33,995,663)
Interest paid	(31,936,134)	(29,470,966)
Issuance of shares	173,250	173,250
Increase/(Decrease) in deposits pledged as security	(5,490,143)	(22,383,533)
Cash dividend to equity holder	(181,224,799)	-
Cash dividend to non-controlling interests	(803,161)	-
Net cash (used in) / generated from financing activities	(427,465,849)	87,868,906
Unrealised foreign exchange gain on cash and bank balances	3,762,689	611,937
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	59,806,832	(14,180,893)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	27,976,275	54,633,078
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	87,783,107	40,452,185
Deposit pledged as security	60,684,268	42,718,216
CASH AND BANK BALANCES	148,467,375	83,170,401

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31st December 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 31st 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 31st 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 1st 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 1st January 2022);
- Amendments to MFRS 3 ‘Reference to Conceptual Framework’ (effective 1st January 2022);
- Amendments to MFRS 116 ‘Proceeds before intended use’ (effective 1st January 2022);
- Amendments to MFRS 137 ‘Onerous contracts - cost of fulfilling a contract’ (effective 1st January 2022);
- Amendments to MFRS 101 ‘Classification of liabilities as current or non-current’ (effective 1st January 2023); and
- Amendments to MFRS 112 ‘Deferred Tax related to Assets and Liabilities arising from a Single Transaction’ (effective 1st 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 31st December 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 31st December 2022.

5. DEBT AND EQUITY SECURITIES

There were no debt and equity securities issued in the quarter ended 31st December 2022.

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

6. DIVIDEND PAID

Dividend was paid by the Group amounted to RM181 million during the quarter and RM182 million for the year ended 31st December 2022.

7. SEGMENT RESULTS AND REPORTING

7.1 Reportable Segment

Effective from 2nd 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 31st December 2022 is as follows:

Individual Quarter Ended 31.12.2022	OSV RM'000	Drilling RM'000	Group RM'000
Revenue	49,273	8,228	57,501
<u>Results</u>			
(Loss)/Profit from operations	(15,029)	189,847	174,818
Finance cost	(4,327)	(2,255)	(6,582)
Taxation	(11,165)	(3,651)	(14,816)
(Loss)/Profit for the financial period	(30,521)	183,941	153,420

Cumulative Period Ended 31.12.2022	OSV RM'000	Drilling RM'000	Group RM'000
Revenue	192,453	90,114	282,567
<u>Results</u>			
Profit from operations	14,907	217,396	232,303
Finance cost	(16,448)	(15,489)	(31,936)
Taxation	(18,136)	(7,112)	(25,248)
(Loss)/Profit for the financial year	(19,677)	194,795	175,118

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 31.12.2022		CORRESPONDING QUARTER ENDED 31.12.2021		CURRENT YEAR ENDED 31.12.2022		CORRESPONDING YEAR ENDED 31.12.2021	
	%	RM	%	RM	%	RM	%	RM
Revenue								
Malaysia	60	34,692,288	78	62,911,878	70	198,895,584	72	216,905,540
Others	40	22,809,036	22	17,694,899	30	83,671,827	28	83,691,557
Total	100	57,501,324	100	80,606,775	100	282,567,411	100	300,597,097

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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 31.12.2022 RM	CORRESPONDING QUARTER ENDED 31.12.2021 RM	CURRENT YEAR ENDED 31.12.2022 RM	CORRESPONDING YEAR ENDED 31.12.2021 RM
Analysis of revenue by category:				
- Charter hire own vessel and rig	48,994,128	75,665,683	262,536,657	287,885,117
- Others ⁽¹⁾	8,507,196	4,941,092	20,030,754	12,711,980
	57,501,324	80,606,775	282,567,411	300,597,097

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 31st December 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 31.12.2022 RM	AS AT 31.12.2021 RM
Approved and contracted capital expenditure commitments	837,326	-

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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 repayment of Shareholder’s Advance from HOSB of RM159.2 million in November 2022.

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 31.12.2022 RM</u>	<u>CORRESPONDING QUARTER ENDED 31.12.2021 RM</u>	<u>CURRENT PERIOD ENDED 31.12.2022 RM</u>	<u>CORRESPONDING PERIOD ENDED 31.12.2021 RM</u>
Interest expense to immediate holding company	<u>2,254,970</u>	<u>4,829,874</u>	<u>15,488,603</u>	<u>17,849,534</u>

On 22nd 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 31st 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 30th December 2021, Second Variation Notice was agreed and signed by both parties to extend the tenure with final repayment date to be set on 31st 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 1st January 2022, RM5,000,000 on 1st April 2022 and balance of RM159,200,000 on 16th of November 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 31.12.2022	AS AT 31.12.2021	AS AT 31.12.2022	AS AT 31.12.2021
	RM	RM	RM	RM
Fixed rate term loans	65,449,763	77,823,679	41,948,203	69,480,709

12. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment during the quarter ended 31st December 2022. As at 31st December 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 31st December 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 31st December 2022) against the corresponding quarter (Quarter ended 31st December 2021):

(i) Revenue

Revenue decreased by RM23.1 million or 29%, from RM80.6 million in the corresponding quarter to RM57.5 million in the current quarter, mainly due to lower revenue from OSV Segment and Drilling Segment as result of lower current quarter utilisation. The disposal of the Jack-Up Rig was completed in November 2022.

(ii) Gross profit

The cost of sales increased by RM5.6 million or 10% from RM54.5 million in the quarter ended 31st December 2021 to RM60.1 million in the quarter ended 31st December 2022. The cost of sales for the quarter included provision for non-recovery of COVID 19's costs.

Consequently, the Group gross profit decreased by RM28.7 million or 100%, from RM26.1 million in the corresponding quarter to gross loss of RM2.6 million in the current quarter primarily due to lower revenue contribution from both segments.

(iii) Administrative expenses

The administrative expenses increased by RM22.9 million or 100%, from RM8.4 million for the quarter ended 31st December 2021 to RM31.3 million for the quarter ended 31st December 2022 primarily due to current quarter included impairment of receivables and manpower rationalisation exercise cost following the disposal of the jack-up Rig.

(iv) Taxation

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED 31.12.2022	CORRESPONDING QUARTER ENDED 31.12.2021	CURRENT PERIOD ENDED 31.12.2022	CORRESPONDING PERIOD ENDED 31.12.2021
	RM	RM	RM	RM
Current tax	4,399,948	1,838,610	8,625,633	5,410,203
Deferred tax	10,416,032	2,820,950	16,623,498	8,555,337
Tax expense for the financial year	14,815,980	4,659,560	25,249,131	13,965,540
Effective tax rate	9%	50%	13%	32%

The effective tax rate for the current quarter and current year are lower than the statutory tax rate of 24% mainly due to tax expenses derived from Labuan entities taxed at 3% based on Labuan Business Activity Tax Act.

(v) Profit after taxation

The Group recorded profit after taxation of RM153.4 million in the fourth quarter compared to profit after tax of RM4.6 million in the corresponding quarter mainly due to gain from disposal of the Jack-up Rig.

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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 period ended 31st December 2022 against the corresponding period ended 31st December 2021:

(i) Revenue

Revenue decreased by RM18.0 million or 6%, from RM300.6 million in the corresponding year to RM282.6 million in the current year, mainly due to lower revenue from OSV Segment and Drilling Segment for the current year due to lower utilisation rate. The disposal of the Jack-Up Rig was completed in November 2022.

(ii) Gross profit

The cost of sales increased by RM10.9 million or 6%, from RM192.9 million in the year ended 31st December 2021 to RM203.8 million in the year ended 31st December 2022 mainly due higher cost of sales from Drilling Segment in the current period. The cost of sales for the year included provision for non-recovery of COVID 19's costs.

The Group gross profit decreased by RM28.9 million or 27%, from RM107.7 million in the corresponding year to RM78.8 million in the current year due to lower revenue contribution from the Drilling Segment.

(iii) Administrative expenses

The administrative expenses increased by RM25.1 million or 78%, from RM32.2 million to RM57.3 million for the year ended 31st December 2022 primarily due to administrative expenses from OSV Segment and Drilling Segment. The administrative expenses in the current quarter included impairment of receivables and manpower rationalisation exercise cost following the disposal of the Jack-up Rig.

(v) Profit after taxation

Despite lower Gross Profit for the current period, the Group recorded profit after taxation of RM175.1 million in the current year compared to profit after taxation of RM29.1 million mainly due to gain from disposal of the Jack-up Rig.

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BURSA SECURITIES LISTING REQUIREMENTS (continued)**

15.3 Review of performance for the current quarter (Quarter ended 31st December 2022) against the preceding quarter (Quarter ended 30th September 2022):

The Group revenue decreased by RM21.0 million or 27% from RM78.5 million in the quarter ended 30th September 2022 to RM57.5 million in the quarter ended 31st December 2022 mainly due to lower utilisation of vessels in OSV Segment and Drilling Segment.

The Group recorded profit after taxation of RM153.4 million in current quarter is higher compared to profit after taxation of RM9.0 million for the preceding quarter ended 30th September 2022 due to gain on disposal of Jack Up Rig which was completed in November 2022.

16. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31st 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 31st December 2022 stands at RM621.2 million for OSV Segment. Long Term Contracts represents 96% of the Order Book which will provide cashflow stability and earnings visibility.

The disposal of the jack-up rig has been completed on 22 November 2022. This sale 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 on the OSV business 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 31st December 2021.

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19. PROFIT BEFORE TAX

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED 31.12.2022	CORRESPONDING QUARTER ENDED 31.12.2021	CURRENT YEAR ENDED 31.12.2022	CORRESPONDING YEAR ENDED 31.12.2021
	RM	RM	RM	RM
Depreciation of property, plant and equipment	13,966,670	15,624,357	57,002,495	60,458,325
Depreciation of right-of-use assets	126,848	136,232	272,464	623,631
Amortisation of intangible asset	1,993,820	80,930	1,993,820	80,930
Impairment of receivables	4,654,534	1,142,871	4,654,534	1,142,871
Impairment loss on vessels	27,034,215	-	27,034,215	22,158,240
Reversal of impairment loss on vessel	(17,771,716)	-	(17,771,716)	(22,372,717)
Approved insurance claim	-	-	-	(3,500,527)
Insurance expenses	1,902,195	2,040,373	8,426,292	4,904,198
Interest income	(369,406)	(73,772)	(497,063)	(340,280)
Interest expense	6,582,052	8,926,535	31,936,134	29,470,966
Realised loss on foreign exchange	-	86,032	-	315,638
Unrealised loss on foreign exchange	75,746	2,693	(675,131)	(758,952)
Loss on early debt settlement	-	-	-	1,922,854
Write down of NBV relating to AHFS	-	-	-	182,168
Gain on disposal of vessel (net)	-	-	1,600,975	-
Gain on disposal of Rig (net)	196,346,439	-	196,346,439	-
Realised gain on sale of fuel upon hire of vessels	-	40,631	-	(812,164)
ESGP Expense	-	1,615,589	-	289,198
Provision non-recovery of COVID 19's costs	3,453,438	-	3,453,438	-

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

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
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20. STATUS OF CORPORATE PROPOSALS ANNOUNCED

As per announcement dated 18 October 2022, the Company has completed all the corporate proposals for disposal of 101 Perisai Pacific 101, a jack up rig by ICON CAREN (L) Inc on 22 November 2022 in accordance with the term and conditions contained in the SPA.

The following table summarises the utilisation of proceeds from the disposal:-

Purpose	Estimated Timeframe for Utilisation (months)	Proposed Utilisation (RM '000)	Actual Utilisation (RM '000)
(i) Redemption and discharge of existing mortgage over the Rig	1 month	159,200	159,976
(ii) Distribution to shareholder of ICON	6 month	180,000	181,224
(iii) General corporate and working capital requirement	24 months	32,120	-
(iv) Estimation expenses in relation to the Proposed Disposal	Immediate	14,155	8,153
TOTAL		385,475	349,353

21. BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds from drawdown (net of transaction costs) amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

	AS AT 31.12.2022	AS AT 31.12.2021
	RM	RM
Short term:		
<u>Secured</u>		
Bank borrowings		
- term loans	13,683,476	38,824,366
Redeemable preference shares	9,851,466	9,283,668
	<u>23,534,942</u>	<u>48,108,034</u>
Long-term:		
<u>Secured</u>		
Bank borrowings		
- term loan	256,648,599	265,796,120
- Revolving credit (Commodity Murabahah Financing-i)	6,204,833	5,896,636
	<u>262,853,432</u>	<u>271,692,756</u>
Total borrowings	<u>286,388,374</u>	<u>319,800,790</u>

As at 31st December 2022, the Group has provided bank guarantees, tender bonds and bid bonds amounting to RM8.3 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.

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

22. DERIVATIVE FINANCIAL INSTRUMENTS

The Group does not have any derivative financial instruments for the quarter and year ended 31st December 2022.

23. 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 24th May 2022 and fixed the matter for further case management on 13th June 2022.

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

(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 24th 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.

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
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22. 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 31.12.2022</u>	<u>CORRESPONDING QUARTER ENDED 31.12.2021</u>	<u>CURRENT PERIOD ENDED 31.12.2022</u>	<u>CORRESPONDING PERIOD ENDED 31.12.2021</u>
Profit attributable to equity holders (RM)	153,634,137	4,796,274	171,559,945	22,696,297
Weighted average number of ordinary shares in issue	<u>2,704,630,842</u>	<u>2,696,724,717</u>	<u>2,704,630,842</u>	<u>2,696,724,717</u>
Basic/diluted EPS (sen)	<u>5.68</u>	<u>0.18</u>	<u>6.34</u>	<u>0.84</u>

As at 31st December 2022, the Company has 2,110,000 potential ordinary shares outstanding pursuant to the issuance of the Employees’ Share Option Scheme on 28th December 2016 and 17th 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
28th February 2023