

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

QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31st March 2023

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

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31st March 2023

The Board of Directors of Icon Offshore Berhad (“ICON” or “the Group”) announce the following unaudited condensed consolidated financial statements for the first quarter and year ended 31st March 2023 which should be read in conjunction with the audited financial statements for the financial year ended 31st December 2022.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED (UNAUDITED)	CORRESPONDING QUARTER ENDED (UNAUDITED)	CURRENT YEAR ENDED (UNAUDITED)	CORRESPONDING YEAR ENDED (UNAUDITED)
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM	RM	RM	RM
Revenue	43,325,157	66,951,164	43,325,157	66,951,164
Cost of sales	(34,432,138)	(44,369,982)	(34,432,138)	(44,369,982)
Gross profit	8,893,019	22,581,182	8,893,019	22,581,182
Other income	220,024	151,774	220,024	151,774
Administrative expenses	(6,780,582)	(8,096,573)	(6,780,582)	(8,096,573)
Other expenses	(761,241)	-	(761,241)	-
Profit from operations	1,571,220	14,636,383	1,571,220	14,636,383
Finance costs	(3,845,477)	(8,477,688)	(3,845,477)	(8,477,688)
(Loss) / Profit before taxation	(2,274,257)	6,158,695	(2,274,257)	6,158,695
Taxation	(1,957,275)	(3,259,572)	(1,957,275)	(3,259,572)
(Loss) / Profit for the quarter / year	<u>(4,231,532)</u>	<u>2,899,123</u>	<u>(4,231,532)</u>	<u>2,899,123</u>
Other comprehensive income: Items that will be classified subsequently to profit or loss:				
Currency translation differences	<u>737,163</u>	<u>446,511</u>	<u>737,163</u>	<u>446,511</u>
Total comprehensive (loss) / income for the quarter/year	<u>(3,494,369)</u>	<u>3,345,634</u>	<u>(3,494,369)</u>	<u>3,345,634</u>

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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)
	<u>31.03.2023</u>	<u>31.03.2022</u>	<u>31.03.2023</u>	<u>31.03.2022</u>
	RM	RM	RM	RM
(Loss) / Profit attributable to:				
-Equity holders of the Company	(4,254,862)	2,962,211	(4,254,862)	2,962,211
-Non-controlling interests	<u>23,330</u>	<u>(63,088)</u>	<u>23,330</u>	<u>(63,088)</u>
	<u>(4,231,532)</u>	<u>2,899,123</u>	<u>(4,231,532)</u>	<u>2,899,123</u>
Total comprehensive (loss) / income attributable to:				
-Equity holders of the Company	(4,003,508)	3,189,932	(4,003,508)	3,189,932
-Non-controlling interests	<u>509,139</u>	<u>155,702</u>	<u>509,139</u>	<u>155,702</u>
	<u>(3,494,369)</u>	<u>3,345,634</u>	<u>(3,494,369)</u>	<u>3,345,634</u>
(Loss) / Profit per share for profit attributable to the ordinary equity holders of the Company:				
Basic/diluted (loss) / earnings per share (sen)	<u>(0.16)</u>	<u>0.11</u>	<u>(0.16)</u>	<u>0.11</u>

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31st March 2023

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited As at 31.03.2023 RM	Audited As at 31.12.2022 RM
Non-current assets		
Property, plant and equipment	511,834,377	517,346,850
Cash and bank balances	31,338,127	26,336,127
Right-of-use assets	842,536	978,542
Deferred tax assets	19,815,664	20,966,108
	<u>563,830,704</u>	<u>565,627,627</u>
Current assets		
Inventories	1,744,451	2,739,091
Trade and other receivables	52,783,064	56,317,638
Tax recoverable	4,812,477	4,417,931
Cash and bank balances	125,398,874	122,131,248
	<u>184,738,866</u>	<u>185,605,908</u>
Asset Held for Sale	2,800,258	2,184,434
	<u>187,539,124</u>	<u>187,790,342</u>
Less: Current liabilities		
Trade and other payables	41,295,253	36,097,103
Lease liabilities	590,232	563,978
Borrowings	37,507,738	23,534,942
Taxation	7,630,741	7,345,846
	<u>87,023,964</u>	<u>67,541,869</u>
Net current assets	100,515,160	120,248,473
Less: Non-current liabilities		
Lease liabilities	357,143	519,404
Borrowings	244,077,773	262,790,281
Deferred tax liabilities	20,704,542	20,044,140
	<u>265,139,458</u>	<u>283,353,825</u>
	<u>399,206,406</u>	<u>402,522,275</u>
Equity attributable to equity holders of the Company		
Share capital	1,147,455,891	1,147,277,391
Warrants reserve	32,725,839	32,725,839
Currency translation reserve	2,431,626	2,180,272
Share based payment reserve	123,664	123,664
Capital contribution reserve	6,420,484	6,420,484
Accumulated losses	(828,090,374)	(823,835,512)
Non-controlling interest	38,139,276	37,630,137
Total equity	<u>399,206,406</u>	<u>402,522,275</u>

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31st March 2023

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Attributable to equity holders of the Company

	Issued and fully paid ordinary shares	Attributable to equity holders of the Company						Non- controlling interest RM	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		
<u>Group</u>									
At 1 January 2023	1,147,277,391	32,725,839	2,180,272	123,664	6,420,484	(823,835,512)	37,630,137	402,522,275	
Loss for the financial period	-	-	-	-	-	(4,254,862)	23,330	(4,231,532)	
Currency translation differences, representing total income and expense recognised directly in equity	-	-	251,354	-	-	-	485,809	737,163	
Total comprehensive income for the financial period	-	-	251,354	-	-	(4,254,862)	509,139	(3,494,369)	
Issuance of shares for ESOS	178,500	-	-	-	-	-	-	178,500	
At 31 March 2023	<u>1,147,455,891</u>	<u>32,725,839</u>	<u>2,431,626</u>	<u>123,664</u>	<u>6,420,484</u>	<u>(828,090,374)</u>	<u>38,139,276</u>	<u>399,206,406</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	-	-	-	-	-	168,917,100	3,583,902	172,501,002	
Currency translation differences, representing total income and expense recognised directly in equity	-	-	1,393,743	-	-	-	1,339,087	2,732,830	
Total comprehensive income for the financial year	-	-	1,393,743	-	-	168,917,100	4,922,989	175,233,832	
Issuance of shares for ESOS	306,900	-	-	(133,650)	-	-	-	173,250	
Share based payment	-	-	-	133,650	304,906	-	-	438,556	
Dividend Paid	-	-	-	-	-	(181,224,799)	(803,161)	(182,027,960)	
Acquisition of shares from non-controlling interest	-	-	-	-	-	412,509	(412,509)	-	
At 31 December 2022	<u>1,147,277,391</u>	<u>32,725,839</u>	<u>2,180,272</u>	<u>123,664</u>	<u>6,420,484</u>	<u>(823,835,512)</u>	<u>37,630,137</u>	<u>402,522,275</u>	

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31st March 2023

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT PERIOD ENDED (UNAUDITED) 31.03.2023 RM	CORRESPONDING PERIOD ENDED (UNAUDITED) 31.03.2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(2,274,257)	6,158,695
Adjustments for:		
Depreciation of property, plant and equipment	12,275,756	14,611,481
Depreciation of right-of-use assets	136,006	136,232
Interest expense	3,845,477	8,477,688
Interest income	(128,979)	(24,116)
Impairment loss on vessels	761,241	-
Unrealised gain on foreign exchange	(336,876)	-
Operating profit before working capital changes	<u>14,278,368</u>	<u>29,359,980</u>
Changes in working capital:		
(Decrease)/Increase in inventories	994,640	(24,164)
Decrease in receivables	3,647,150	23,398,840
Increase in payables	(4,101,987)	299,999
Cash generated from operations	<u>14,818,171</u>	<u>53,034,655</u>
Tax paid	(499,286)	(1,415,576)
Tax refund	243,206	-
Net cash generated from operating activities	<u>14,562,091</u>	<u>51,619,079</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(2,160,384)
Interest received	<u>128,979</u>	<u>24,116</u>
Net cash used in investing activities	<u>128,979</u>	<u>(2,136,268)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Shareholder's Advance from immediate holding company	-	(10,000,000)
Repayment of lease liabilities	(136,007)	(130,349)
Repayment of borrowings	(3,882,912)	(9,093,224)
Interest paid	(2,581,307)	(7,037,581)
Issuance of shares	178,500	173,251
Increase in deposits pledged as security	<u>(8,030,908)</u>	<u>(12,475,910)</u>
Net cash used in financing activities	<u>(14,452,634)</u>	<u>(38,563,813)</u>
Unrealised foreign exchange (loss) / gain on cash and bank balances	282	446,506
NET INCREASE IN CASH AND CASH EQUIVALENTS	238,718	11,365,504
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>85,705,304</u>	<u>40,452,185</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>85,944,022</u>	<u>51,817,689</u>
Deposit pledged as security	70,792,979	55,194,126
CASH AND BANK BALANCES	<u>156,737,001</u>	<u>107,011,815</u>

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31st March 2023

**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 2022.

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 2022, 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 2023.

- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on “Disclosure of Accounting Policies” and “Definition of Accounting Estimates”
- Amendments to MFRS 112 ‘Deferred Tax related to Assets and Liabilities arising from a Single Transaction’

The Malaysian Accounting Standards Board had issued the following amendments to MFRS of which are effective for the financial year beginning after 1st January 2024.

- Amendments to MFRS 16 “Lease Liability in a Sale and Leaseback”
- Amendments to MFRS 101 “Classification of liabilities as current or non-current” (‘2020 amendments’) and “Non-current Liabilities with Covenants” (‘2022 amendments’)

None of these is expected to have a significant effect on the consolidated financial statements of the Group.

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. Group performances are subject to the adverse weather conditions such as the monsoon season.

3. UNUSUAL ITEMS

No unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group in the quarter ended 31st March 2023.

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 March 2023.

5. DEBT AND EQUITY SECURITIES

There were no debt and equity securities issued in the quarter ended 31st March 2023.

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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 ended 31 March 2023.

7. SEGMENT RESULTS AND REPORTING

7.1 Reportable Segment

Following the disposal of Jack-up rig in November 2022, the current quarter financial performance only represents OSV business segment.

Individual/Cumulative Quarter Ended 31.03.2023	OSV RM'000	Drilling RM'000	Group RM'000
Revenue	43,325	-	43,325
<u>Results</u>			
Profit from operations	1,571	-	1,571
Finance cost	(3,845)	-	(3,845)
Taxation	(1,957)	-	(1,957)
Loss for the financial period	(4,231)	-	(4,231)

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	
	31.03.2023		31.03.2022		31.03.2023		31.03.2022	
	%	RM	%	RM	%	RM	%	RM
Revenue								
Malaysia	63	27,323,701	78	52,059,492	63	27,323,701	78	52,059,492
Others	37	16,001,456	22	14,891,672	37	16,001,456	22	14,891,672
Total	100	43,325,157	100	66,951,164	100	43,325,157	100	66,951,164

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

8. TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED 31.03.2023	CORRESPONDING QUARTER ENDED 31.03.2022	CURRENT PERIOD ENDED 31.03.2023	CORRESPONDING PERIOD ENDED 31.03.2022
	RM	RM	RM	RM
Current tax	146,429	2,010,205	146,429	2,010,205
Deferred tax	1,810,846	1,249,367	1,810,846	1,249,367
Tax expense for the financial year	1,957,275	3,259,572	1,957,275	3,259,572
Effective tax rate	86%	53%	86%	53%

The effective tax rate for the current and corresponding quarter are higher than the statutory tax rate of 24% mainly due to tax expenses derived from profitable vessels and non-deductible bareboat expenses taxed at 24% (as per Income Tax Act) whereas there were no tax benefits from loss making vessels under Labuan Tax Act which is taxed at 3% on PBT basis.

9. CHANGES IN THE COMPOSITION OF THE GROUP

There were no significant changes in the composition of the Group as at 31st March 2023.

10. CAPITAL COMMITMENTS

The Group capital commitments not provided for in the interim financial statements as at the end of the year are as follows:

	<u>AS AT 31.03.2023</u>	<u>AS AT 31.03.2022</u>
	RM	RM
Approved and contracted capital expenditure commitments	4,008,871	-

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31st March 2023

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

11. 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
Sempena Fokus Sdn Bhd	Fellow subsidiary
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

11.1 Significant related party balances

There are no significant related party balances arising from normal business transactions.

11.2 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 31.03.2023 RM</u>	<u>CORRESPONDING QUARTER ENDED 31.03.2022 RM</u>	<u>CURRENT PERIOD ENDED 31.03.2023 RM</u>	<u>CORRESPONDING PERIOD ENDED 31.03.2022 RM</u>
Interest expense to immediate holding company	-	4,453,644	-	4,453,644

On 22nd January 2021, the Group had procured Shareholder’s Advance from HOSB to finance the rig acquisition amounting to RM174,200,000. 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)**

12. 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 31.03.2023	AS AT 31.12.2022	AS AT 31.03.2023	AS AT 31.12.2022
	RM	RM	RM	RM
Fixed rate term loans	62,927,456	62,315,589	45,309,229	50,878,026

13. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment during the quarter ended 31st March 2023. As at 31st March 2023, all property, plant and equipment were stated at cost less accumulated depreciation and accumulated impairment losses.

14. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE QUARTER

No material event subsequent to end of the quarter.

15. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 31st March 2023, 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**

1. ANALYSIS OF PERFORMANCE

1.1 Review of performance for the current quarter (Quarter ended 31st March 2023) against the prior year corresponding quarter (Quarter ended 31st March 2022):

(i) Revenue

Revenue decreased by RM23.6 million or 35%, from RM66.9 million in the corresponding quarter to RM43.3 million in the current quarter, mainly due to loss of revenue contribution from drilling segment which has been disposed in November 2022.

However, comparing OSV business against prior year corresponding quarter, OSV revenue is higher by RM3.6 million due to higher daily charter rates.

(ii) Profit after taxation

The Group recorded loss after taxation of RM4.2 million in the first quarter compared to profit after tax of RM2.9 million in the prior year corresponding quarter mainly due to loss of contribution of PAT from Drilling segment of RM4.9 million which was disposed in November 2022.

OSV was affected this quarter by higher depreciation by RM1.8 million due to change of useful life of vessel from 25 years to 20 years as well as lower contribution from OSV Brunei due to late start in chartering after monsoon season.

1.2 Review of performance for the current quarter (Quarter ended 31st March 2023) against the preceding quarter (Quarter ended 31st December 2022):

	INDIVIDUAL QUARTER	
	CURRENT QUARTER ENDED <u>31.03.2023</u> RM	PRECEEDING QUARTER ENDED <u>31.12.2022</u> RM
Revenue	43,325,157	57,501,324
Profit after tax	(4,231,532)	153,420,214

The Group revenue decreased by RM14.2 million or 25% from RM57.5 million in the quarter ended 31st December 2022 to RM43.3 million in the quarter ended 31st March 2023 mainly due to loss of revenue from Drilling segment by RM8.2 million and lower utilisation of vessels in OSV Segment mainly due to monsoon season.

The higher PAT in preceding quarter was due to the gain of RM198.7 million on Jack Up Rig which was completed in November 2022.

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

2. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31st DECEMBER 2023

The oil price is expected to remain robust throughout the remainder of the financial year. The PETRONAS Activity Outlook 2023-2025 report forecasts positive prospects for the upstream segment of the value chain, with increased E&P activities, maintenance, and refurbishment of assets. These developments are expected to benefit local upstream oil and gas companies.

As at 30 April 2023, the Group's Order Book stood at RM556.8 million for its OSV Segment with Long Term Contracts representing 93% of the Order Book, providing stability in cashflow and earnings to the Group.

The completion of the Rig disposal in November 2022 has strengthened the Group's balance sheet and this will allow us to explore new ventures and M&A activities.

The Group will remain focused on operational excellence in the OSV business which is expected to lead to improved financial results for the current financial year.

3. PROFIT FORECAST

Not applicable as the Group did not publish any profit forecast.

4. 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 2022.

5. PROFIT BEFORE TAX

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED 31.03.2023 RM	CORRESPONDING QUARTER ENDED 31.03.2022 RM	CURRENT YEAR ENDED 31.03.2023 RM	CORRESPONDING YEAR ENDED 31.03.2022 RM
Depreciation of property, plant and equipment	12,275,756	14,611,481	12,776,625	14,611,481
Depreciation of right-of-use assets	136,006	136,232	136,006	136,232
Interest income	(128,979)	(24,116)	(128,979)	(24,116)
Interest expense	4,354,345	8,477,688	4,354,345	8,477,688
Impairment loss on vessels	761,241	-	761,241	-
Realised loss on foreign exchange	5,791	64,629	5,791	64,629
Unrealised gain on foreign exchange	(336,876)	-	(336,876)	-

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

ICON OFFSHORE BERHAD (201201011310 (984830-D))
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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31st March 2023

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

6. STATUS OF CORPORATE PROPOSALS ANNOUNCED

- (a) 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)	Variance
(i) Redemption and discharge of existing mortgage over the Rig	1 month	159,200	159,968	(768)
(ii) Distribution to shareholder of ICON	6 month	180,000	181,225	(1,225)
(iii) General corporate and working capital requirement	24 months	40,119	-	40,119
(iv) Estimation expenses in relation to the Proposed Disposal	Immediate	14,571	8,129	6,442
TOTAL		393,890	349,322	44,568

- (b) On 9 May 2023, the Company had announced its proposal to undertake the following:

- (i) Proposed reduction of the issued share capital of the Company by RM830.0 million pursuant to Section 116 of the Companies Act 2016 to eliminate the accumulated losses of the Group. The proposed capital reduction is not expected to have impact on the shareholders' equity and net asset of the Company; and
- (ii) Proposed consolidation of every 5 existing ordinary shares in the Company held by the shareholders, on an entitlement date to be determined and announced later, into 1 Icon Share. The proposed share consolidation is not expected to have impact on total market value of the Company's shares and warrants.

- (c) On 15 May 2023, the Company had announced its proposal to undertake the following:

- (i) Proposed termination of the existing employees' share scheme of the Company; and
- (ii) Proposed establishment of a new long-term incentive plan of up to 5% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time during the duration of the long-term incentive plan.

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

7. 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 31.03.2023	AS AT 31.12.2022
	RM	RM
Short term:		
<u>Secured</u>		
Bank borrowings		
- term loans	27,512,743	13,683,476
Redeemable preference shares	9,994,995	9,851,466
	<u>37,507,738</u>	<u>23,534,942</u>
Long-term:		
<u>Secured</u>		
Bank borrowings		
- term loan	244,077,773	262,790,281
	<u>244,077,773</u>	<u>262,790,281</u>
Total borrowings	281,585,511	286,325,223

As at 31st March 2023, the Group has provided bank guarantees, tender bonds and bid bonds amounting to RM5.7 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.

8. DERIVATIVE FINANCIAL INSTRUMENTS

The Group does not have any derivative financial instruments for the quarter and year ended 31st March 2023.

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31st March 2023

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

9. CHANGES IN MATERIAL LITIGATION

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

Icon Offshore Group Sdn. Bhd. vs. Sapura Offshore Sdn. Bhd. Icon Offshore Group Sdn. Bhd. (“IOG”), 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. (“Sapura Offshore”) due to the failure on the part of the Respondent to pay the total sum of RM3,620,085 to IOG.

Case Management was held on 8 June 2022 wherein IOG was informed that Sapura Offshore had obtained Ex-parte Restraining Order for 9 months and would expire on 10 March 2023. On 8 March 2023, there was another Case Management and Sapura Offshore has obtained another Ex-parte Restraining Order for 3 months and the next Case Management is fixed on 13 June 2023.

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

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 has 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 until 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 which includes Sapura Pinewell under Sections 366 and 368 of the Companies Act 2016. Case Management was held on 8 June 2022 wherein IOG was informed that Sapura Pinewell had obtained Ex-parte Restraining Order for 9 months and would expire on 10 March 2023. On 8 March 2023, there was another Case Management and Sapura Pinewell has obtained another Ex-parte Restraining Order for 3 months and the next Case Management is fixed on 13 June 2023.

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31st March 2023

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

10. 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 31.03.2023	CORRESPONDING QUARTER ENDED 31.03.2022	CURRENT PERIOD ENDED 31.03.2023	CORRESPONDING PERIOD ENDED 31.03.2022
(Loss) / Profit attributable to equity holders (RM)	(4,254,862)	2,962,211	(4,254,862)	2,962,211
Weighted average number of ordinary shares in issue	<u>2,705,805,173</u>	<u>2,703,995,454</u>	<u>2,705,805,173</u>	<u>2,703,995,454</u>
Basic/diluted EPS (sen)	<u>(0.16)</u>	<u>0.11</u>	<u>(0.16)</u>	<u>0.11</u>

BY ORDER OF THE BOARD

Dato' Sri Hadian Hashim
Managing Director
24th May 2023