

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

**QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30th June 2023**

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30th June 2023

The Board of Directors of Icon Offshore Berhad (“ICON” or “the Group”) announce the following unaudited condensed consolidated financial statements for the second quarter and year ended 30th June 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)
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM	RM	RM	RM
Revenue	55,806,365	79,607,243	99,131,522	146,558,407
Cost of sales	(39,336,700)	(49,197,638)	(73,768,838)	(93,567,620)
Gross profit	16,469,665	30,409,605	25,362,684	52,990,787
Other income	1,062,932	370,543	1,282,956	522,317
Administrative expenses	(4,246,383)	(8,709,316)	(11,026,965)	(16,805,889)
Other expenses	(1,633,717)	-	(2,394,958)	-
Profit from operations	11,652,497	22,070,832	13,223,717	36,707,215
Finance costs	(4,168,194)	(8,270,854)	(8,013,671)	(16,748,543)
Profit before taxation	7,484,303	13,799,978	5,210,046	19,958,672
Taxation	(1,621,026)	(4,048,066)	(3,578,301)	(7,307,638)
Profit for the quarter / year	<u>5,863,277</u>	<u>9,751,912</u>	<u>1,631,745</u>	<u>12,651,034</u>
Other comprehensive income: Items that will be classified subsequently to profit or loss:				
Currency translation differences	1,898,171	1,294,040	2,635,334	1,740,551
Total comprehensive income for the quarter/year	<u>7,761,448</u>	<u>11,045,952</u>	<u>4,267,079</u>	<u>14,391,585</u>

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30th June 2023

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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>30.06.2023</u>	<u>30.06.2022</u>	<u>30.06.2023</u>	<u>30.06.2022</u>
	RM	RM	RM	RM
Profit attributable to:				
-Equity holders of the Company	4,436,860	7,312,155	181,998	10,274,365
-Non-controlling interests	<u>1,426,417</u>	<u>2,439,757</u>	<u>1,449,747</u>	<u>2,376,669</u>
	<u>5,863,277</u>	<u>9,751,912</u>	<u>1,631,745</u>	<u>12,651,034</u>
Total comprehensive income attributable to:				
-Equity holders of the Company	5,404,927	7,972,115	1,401,419	11,162,046
-Non-controlling interests	<u>2,356,521</u>	<u>3,073,837</u>	<u>2,865,660</u>	<u>3,229,539</u>
	<u>7,761,448</u>	<u>11,045,952</u>	<u>4,267,079</u>	<u>14,391,585</u>
Profit per share for profit attributable to the ordinary equity holders of the Company:				
Basic/diluted earnings per share (sen)	<u>0.16</u>	<u>0.27</u>	<u>0.01</u>	<u>0.38</u>

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30th June 2023

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited As at 30.06.2023 RM	Audited As at 31.12.2022 RM
Non-current assets		
Property, plant and equipment	503,296,505	517,346,850
Cash and bank balances	31,355,413	26,336,127
Right-of-use assets	752,892	978,542
Deferred tax assets	19,310,117	20,966,108
	<u>554,714,927</u>	<u>565,627,627</u>
Current assets		
Inventories	840,604	2,739,091
Trade and other receivables	67,158,845	56,317,638
Tax recoverable	3,716,094	4,417,931
Cash and bank balances	130,973,477	122,131,248
	<u>202,689,020</u>	<u>185,605,908</u>
Asset Held for Sale	615,824	2,184,434
	<u>203,304,844</u>	<u>187,790,342</u>
Less: Current liabilities		
Trade and other payables	41,671,701	36,097,103
Lease liabilities	617,584	563,978
Borrowings	37,857,384	23,534,942
Taxation payable	6,783,108	7,345,846
	<u>86,929,777</u>	<u>67,541,869</u>
Net current assets	116,375,067	120,248,473
Less: Non-current liabilities		
Lease liabilities	240,148	519,404
Borrowings	241,782,892	262,790,281
Deferred tax liabilities	22,099,100	20,044,140
	<u>264,122,140</u>	<u>283,353,825</u>
	<u>406,967,854</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	3,399,693	2,180,272
Share based payment reserve	123,664	123,664
Capital contribution reserve	6,420,484	6,420,484
Accumulated losses	(823,653,514)	(823,835,512)
Non-controlling interest	40,495,797	37,630,137
Total equity	<u>406,967,854</u>	<u>402,522,275</u>

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30th June 2023

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Attributable to equity holders of the Company

Group	Issued and fully paid ordinary shares	Non-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 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
Profit for the financial period	-	-	-	-	-	181,998	1,449,747	1,631,745
Currency translation differences, representing total income and expense recognised directly in equity	-	-	1,219,421	-	-	-	1,415,913	2,635,334
Total comprehensive income for the financial period	-	-	1,219,421	-	-	181,998	2,865,660	4,267,079
Issuance of shares for ESOS	178,500	-	-	-	-	-	-	178,500
At 30 June 2023	<u>1,147,455,891</u>	<u>32,725,839</u>	<u>3,399,693</u>	<u>123,664</u>	<u>6,420,484</u>	<u>(823,653,514)</u>	<u>40,495,797</u>	<u>406,967,854</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	-	-	-	-	-	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 SECOND QUARTER ENDED 30th June 2023

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT PERIOD ENDED (UNAUDITED) 30.06.2023 RM	CORRESPONDING PERIOD ENDED (UNAUDITED) 30.06.2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,210,046	19,958,672
Adjustments for:		
Depreciation of property, plant and equipment	26,601,683	28,909,375
Depreciation of right-of-use assets	272,014	272,464
Interest expense	8,013,671	16,748,542
Interest income	(622,222)	(394,660)
Impairment loss on vessels	2,394,958	-
Unrealised gain on foreign exchange	(3,637,670)	-
Gain on disposal of vessel	(51,816)	-
Operating profit before working capital changes	<u>38,180,664</u>	<u>65,494,393</u>
Changes in working capital:		
Decrease in inventories	1,898,487	418,500
Increase in receivables	(11,090,693)	(19,475,615)
Increase/(Decrease) in payables	9,212,268	<u>(21,420,080)</u>
Cash generated from operations	38,200,726	25,017,198
Tax paid	(1,206,908)	(2,424,379)
Tax refund	1,478,657	-
Net cash generated from operating activities	<u>38,472,475</u>	<u>22,592,819</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(12,335,603)	(7,763,550)
Interest received	622,222	394,660
Net cash used in investing activities	<u>(11,713,381)</u>	<u>(7,368,890)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Shareholder's Advance from immediate holding company	-	(15,000,000)
Repayment of lease liabilities	(272,014)	(130,349)
Repayment of borrowings	(7,767,438)	(16,554,397)
Interest paid	(5,192,001)	(6,832,652)
Issuance of shares	178,500	173,250
(Decrease)/Increase in deposits pledged as security	(8,300,335)	11,636,788
Net cash used in financing activities	<u>(21,353,288)</u>	<u>(26,707,360)</u>
Unrealised foreign exchange gain on cash and bank balances	155,374	1,740,552
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,561,180	(9,742,879)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	85,705,304	27,976,275
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>91,266,484</u>	<u>18,233,396</u>
Deposit pledged as security	71,062,406	43,557,338
CASH AND BANK BALANCES	<u>162,328,890</u>	<u>61,790,734</u>

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30th June 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 are 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 in the first and fourth quarter of the year.

3. UNUSUAL ITEMS

No unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group in the quarter ended 30th June 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 30th June 2023.

5. DEBT AND EQUITY SECURITIES

There were no debt and equity securities issued in the quarter ended 30th June 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 30 June 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 Quarter Ended 30.06.2023	OSV RM'000	Drilling RM'000	Group RM'000
Revenue	55,806	-	55,806
<u>Results</u>			
Profit from operations	11,652	-	11,652
Finance cost	(4,168)	-	(4,168)
Taxation	(1,621)	-	(1,621)
Profit for the financial period	5,863	-	5,863

Cumulative Period Ended 30.06.2023	OSV RM'000	Drilling RM'000	Group RM'000
Revenue	99,132	-	99,132
<u>Results</u>			
Profit from operations	13,224	-	13,224
Finance cost	(8,014)	-	(8,014)
Taxation	(3,578)	-	(3,578)
Profit for the financial year	1,632	-	1,632

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 30.06.2023		CORRESPONDING QUARTER ENDED 30.06.2022		CURRENT YEAR ENDED 30.06.2023		CORRESPONDING YEAR ENDED 30.06.2022	
	%	RM	%	RM	%	RM	%	RM
Revenue								
Malaysia	62	34,860,367	74	58,531,261	63	62,184,068	75	110,590,753
Brunei	38	20,945,998	26	21,075,982	37	36,947,454	25	35,967,654
Total	100	55,806,365	100	79,607,243	100	99,131,522	100	146,558,407

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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 30.06.2023	CORRESPONDING QUARTER ENDED 30.06.2022	CURRENT PERIOD ENDED 30.06.2023	CORRESPONDING PERIOD ENDED 30.06.2022
	RM	RM	RM	RM
Current tax	(254,160)	1,598,703	(107,731)	3,608,908
Deferred tax	1,875,186	2,449,363	3,686,032	3,698,730
Tax expense for the financial period	1,621,026	4,048,066	3,578,301	7,307,638
Effective tax rate	22%	29%	69%	37%

The effective tax rate for the current quarter is lower than the statutory tax rate of 24% mainly due to tax expenses derived from profitable vessels which are taxed at 3% on PBT.

9. CHANGES IN THE COMPOSITION OF THE GROUP

There were no significant changes in the composition of the Group as at 30th June 2023.

10. CAPITAL COMMITMENTS

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

	AS AT 30.06.2023	AS AT 30.06.2022
	RM	RM
Approved and contracted capital expenditure commitments	3,903,192	-

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**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 Capital Sdn Bhd	Intermediate holding company
E-Cap (Internal) Three 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

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 30.06.2023 RM</u>	<u>CORRESPONDING QUARTER ENDED 30.06.2022 RM</u>	<u>CURRENT PERIOD ENDED 30.06.2023 RM</u>	<u>CORRESPONDING PERIOD ENDED 30.06.2022 RM</u>
Interest expense to immediate holding company	-	4,366,005	-	8,819,649

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 30.06.2023	AS AT 31.12.2022	AS AT 30.06.2023	AS AT 31.12.2022
	RM	RM	RM	RM
Fixed rate term loans	63,844,459	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 30th June 2023. As at 30th June 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 30th June 2023, the Group did not have any material contingent liabilities or assets.

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30th June 2023

**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 30th June 2023) against the prior year corresponding quarter (Quarter ended 30th June 2022):

(i) Revenue

Revenue decreased by RM23.8 million or 30%, from RM79.6 million in the corresponding quarter to RM55.8 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 RM5.2 million due to higher daily charter rates.

(ii) Profit after taxation

The Group recorded profit after taxation of RM5.9 million in the current quarter compared to profit after tax of RM9.8 million in the prior year corresponding quarter mainly due to loss of contribution of PAT from Drilling segment of RM4.4 million which was disposed in November 2022.

In comparison to the OSV business, the Group profit after tax rose by RM0.5 million against prior year corresponding quarters. Marginal increase in OSV PAT was due to higher depreciation as result of change in useful life of the vessels from 25 years to 20 years.

1.2 Review of performance for the current quarter (Quarter ended 30th June 2023) against the preceding quarter (Quarter ended 31st March 2023):

	INDIVIDUAL QUARTER	
	CURRENT QUARTER ENDED <u>30.06.2023</u> RM	PRECEEDING QUARTER ENDED <u>31.03.2023</u> RM
Revenue	55,806,365	43,325,157
Profit/(Loss) after tax	5,863,277	(4,231,532)

The Group revenue increased by RM12.5 million or 29% from RM43.3 million in the quarter ended 31st March 2023 to RM55.8 million in the quarter ended 30th June 2023 mainly due to higher utilisation of vessels (Q2:84% Q1:79%) and higher daily charter rates.

The Group profit after tax in the current quarter improved compared to loss after tax of RM4.2 million in preceding quarter as result of higher revenue.

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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 recent announcement of the cut in oil production by Saudi Arabia and the Organisation of Petroleum Exporting Countries and allies (OPEC+) on 2 April 2023 is expected to point toward positive upstream prospects for the Malaysian upstream players. The production cuts were expected to lower the inventories for the next five quarter and boost global oil price in late 2023. Upon the announcement of the cut in global oil production, currently the Brent trading over USD80 per barrel. This surge in oil price will potentially benefit the local oil and gas services and equipment companies in short term.

As at 30 June 2023, the Group's Order Book stood at RM505.4 million for its OSV Segment with Long Term Contracts representing 96% of the Order Book, providing stability in cashflow and earnings to the Group.

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.

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.

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30th June 2023

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

5. PROFIT BEFORE TAX

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED 30.06.2023	CORRESPONDING QUARTER ENDED 30.06.2022	CURRENT YEAR ENDED 30.06.2023	CORRESPONDING YEAR ENDED 30.06.2022
	RM	RM	RM	RM
Depreciation of property, plant and equipment	14,325,927	14,297,894	26,601,683	28,909,375
Depreciation of right-of-use assets	136,008	136,232	272,014	272,464
Interest income	(493,243)	(370,543)	(622,222)	(394,660)
Interest expense	3,659,326	8,270,854	8,013,671	16,748,542
Impairment loss on vessels	1,633,717	-	2,394,958	-
Realised loss on foreign exchange	-	198,232	-	262,861
Unrealised gain on foreign exchange	(3,300,794)	-	(3,637,670)	-
Gain on disposal of vessel	(51,816)	-	(51,816)	-
	14,325,927	14,297,894	26,601,683	28,909,375

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.

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

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

6. STATUS OF CORPORATE PROPOSALS ANNOUNCED (continued)

- (b) Referring to 9 May 2023 announcement, the Company had subsequently announced on 8 July 2023 that the application has been lodged to High Court Malaya to seek the confirmation from the High Court of Malaya for the reduction of share capital pursuant to Section 116 of the Act. The Court hearing has been fixed on 30 August 2023 for further direction.
- (c) Referring to 15 May 2023 announcement, the Company had subsequently passed this proposal via Extraordinary General Meeting (EGM) on 31 May 2023. Subsequent announcement had been made on 8 August 2023 on the implementation of “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”.

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 30.06.2023	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	10,344,641	9,851,466
	37,857,384	23,534,942
Long-term:		
<u>Secured</u>		
Bank borrowings		
- term loan	241,782,892	262,790,281
	241,782,892	262,790,281
Total borrowings	279,640,276	286,325,223

As at 30th June 2023, the Group has provided bank guarantees, tender bonds and bid bonds amounting to RM7.6 million primarily due to the tendering for new contracts, as financial guarantee for the performance of our charter contracts by ICON’s subsidiaries and corporate guarantees for loans obtained by ICON’s subsidiaries.

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30th June 2023

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

8. DERIVATIVE FINANCIAL INSTRUMENTS

The Group does not have any derivative financial instruments for the quarter and year ended 30th June 2023.

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. Further extension of Restraining Order has been obtained by Sapura Offshore on 6 June 2023 for 9 months until 10 March 2024 and next management Case Management is fixed on 14 March 2024.

(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. Further extension of Restraining Order has been obtained by Sapura Pinewell on 6 June 2023 for 9 months until 10 March 2024 and next management Case Management is fixed on 14 March 2024.

10. LISTING REQUIREMENT

The external auditors had performed a limited review on the interim condensed financial statements of the Group as at 30 June 2023 pursuant to a directive issued by Bursa Malaysia Securities Berhad on 14 February 2023.

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30th June 2023

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

11. 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 30.06.2023	CORRESPONDING QUARTER ENDED 30.06.2022	CURRENT PERIOD ENDED 30.06.2023	CORRESPONDING PERIOD ENDED 30.06.2022
Profit attributable to equity holders (RM)	4,436,860	7,312,155	181,998	10,274,365
Weighted average number of ordinary shares in issue	<u>2,706,181,154</u>	<u>2,704,419,450</u>	<u>2,706,181,154</u>	<u>2,703,995,454</u>
Basic/diluted EPS (sen)	<u>0.16</u>	<u>0.27</u>	<u>0.01</u>	<u>0.38</u>

BY ORDER OF THE BOARD

Dato' Sri Hadian Hashim
Managing Director
24th August 2023