

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

QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30th September 2023

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30th September 2023

The Board of Directors of Icon Offshore Berhad ("ICON" or "the Group") announce the following unaudited condensed consolidated financial statements for the third quarter and period ended 30th September 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) 30.09.2023	CORRESPONDING QUARTER ENDED (UNAUDITED) 30.09.2022	CURRENT PERIOD ENDED (UNAUDITED) 30.09.2023	CORRESPONDING PERIOD ENDED (UNAUDITED) 30.09.2022
	RM	RM	RM	RM
Revenue	58,491,667	78,507,680	157,623,190	225,066,087
Cost of sales	<u>(39,837,035)</u>	<u>(50,120,995)</u>	<u>(113,605,874)</u>	<u>(143,688,616)</u>
Gross profit	18,654,632	28,386,685	44,017,316	81,377,471
Other income	1,141,738	1,584,766	2,424,694	2,107,083
Administrative expenses	(6,973,810)	(9,193,631)	(18,000,775)	(25,999,520)
Other expenses	<u>-</u>	<u>-</u>	<u>(2,394,958)</u>	<u>-</u>
Profit from operations	12,822,560	20,777,820	26,046,277	57,485,034
Finance costs	<u>(4,077,993)</u>	<u>(8,605,540)</u>	<u>(12,091,664)</u>	<u>(25,354,082)</u>
Profit before taxation	8,744,567	12,172,280	13,954,613	32,130,952
Taxation	<u>(1,661,565)</u>	<u>(3,125,512)</u>	<u>(5,239,866)</u>	<u>(10,433,150)</u>
Profit for the quarter/period	<u>7,083,002</u>	<u>9,046,768</u>	<u>8,714,747</u>	<u>21,697,802</u>
Other comprehensive income:				
Items that will be classified subsequently to profit or loss:				
Currency translation differences	<u>(1,207,580)</u>	<u>1,252,481</u>	<u>1,427,754</u>	<u>2,993,032</u>
Total comprehensive income for the quarter/period	<u>5,875,422</u>	<u>10,299,249</u>	<u>10,142,501</u>	<u>24,690,834</u>

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30th September 2023

The Board of Directors of Icon Offshore Berhad ("ICON" or "the Group") announce the following unaudited condensed consolidated financial statements for the third quarter and period ended 30th September 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 (continued)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED (UNAUDITED) 30.09.2023 RM	CORRESPONDING QUARTER ENDED (UNAUDITED) 30.09.2022 RM	CURRENT PERIOD ENDED (UNAUDITED) 30.09.2023 RM	CORRESPONDING PERIOD ENDED (UNAUDITED) 30.09.2022 RM
Profit attributable to:				
- Equity holders of the Company	6,209,895	7,651,442	6,391,893	17,925,808
- Non-controlling interests	873,107	1,395,326	2,322,854	3,771,994
	<u>7,083,002</u>	<u>9,046,768</u>	<u>8,714,747</u>	<u>21,697,802</u>
Total comprehensive income attributable to:				
- Equity holders of the Company	5,718,628	8,290,208	7,120,047	19,452,254
- Non-controlling interests	156,794	2,009,041	3,022,454	5,238,580
	<u>5,875,422</u>	<u>10,299,249</u>	<u>10,142,501</u>	<u>24,690,834</u>
Profit per share for profit attributable to the ordinary equity holders of the Company:				
Basic/Diluted earnings per share (sen)	<u>0.23</u>	<u>0.28</u>	<u>0.24</u>	<u>0.66</u>

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30th September 2023

The Board of Directors of Icon Offshore Berhad (“ICON” or “the Group”) announce the following unaudited condensed consolidated financial statements for the third quarter and period ended 30th September 2023 which should be read in conjunction with the audited financial statements for the financial year ended 31st December 2022.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	UNAUDITED AS AT 30.09.2023 RM	AUDITED AS AT 31.12.2022 RM
Non-current assets		
Property, plant and equipment	493,396,061	517,346,850
Cash and bank balances	31,355,413	26,336,127
Right-of-use assets	609,158	978,542
Deferred tax assets	18,445,301	20,966,108
	<u>543,805,933</u>	<u>565,627,627</u>
Current assets		
Inventories	3,503,367	2,739,091
Trade and other receivables	50,714,459	56,317,638
Tax recoverable	4,049,321	4,417,931
Cash and bank balances	147,437,683	122,131,248
	<u>205,704,830</u>	<u>185,605,908</u>
Asset Held for Sale	-	2,184,434
	<u>205,704,830</u>	<u>187,790,342</u>
Less: Current liabilities		
Trade and other payables	38,255,653	36,097,103
Lease liabilities	650,352	563,978
Borrowings	43,463,021	23,534,942
Taxation payable	572,026	7,345,846
	<u>82,941,052</u>	<u>67,541,869</u>
Net current assets	122,763,778	120,248,473
Less: Non-current liabilities		
Lease liabilities	63,645	519,404
Borrowings	233,768,894	262,790,281
Deferred tax liabilities	23,760,979	20,044,140
	<u>257,593,518</u>	<u>283,353,825</u>
	<u>408,976,193</u>	<u>402,522,275</u>
Equity attributable to equity holders of the Company		
Share capital	1,147,456,221	1,147,277,391
Warrants reserve	32,725,839	32,725,839
Currency translation reserve	2,908,426	2,180,272
Share based payment reserve	123,664	123,664
Capital contribution reserve	6,420,484	6,420,484
Accumulated losses	(817,443,619)	(823,835,512)
Non-controlling interest	36,785,178	37,630,137
Total equity	<u>408,976,193</u>	<u>402,522,275</u>

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30th September 2023

The Board of Directors of Icon Offshore Berhad (“ICON” or “the Group”) announce the following unaudited condensed consolidated financial statements for the third quarter and period ended 30th September 2023 which should be read in conjunction with the audited financial statements for the financial year ended 31st December 2022.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Attributable to equity holders of the Company

	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		
<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
Profit for the financial period	-	-	-	-	-	6,391,893	2,322,854	8,714,747
Currency translation differences, representing total income and expense recognised directly in equity	-	-	728,154	-	-	-	699,600	1,427,754
Total comprehensive income for the financial period	-	-	728,154	-	-	6,391,893	3,022,454	10,142,501
Issuance of shares for ESOS	178,830	-	-	-	-	-	-	178,830
Dividend paid to non-controlling interest	-	-	-	-	-	-	(3,867,413)	(3,867,413)
At 30 September 2023	<u>1,147,456,221</u>	<u>32,725,839</u>	<u>2,908,426</u>	<u>123,664</u>	<u>6,420,484</u>	<u>(817,443,619)</u>	<u>36,785,178</u>	<u>408,976,193</u>

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30th September 2023

The Board of Directors of Icon Offshore Berhad (“ICON” or “the Group”) announce the following unaudited condensed consolidated financial statements for the third quarter and period ended 30th September 2023 which should be read in conjunction with the audited financial statements for the financial year ended 31st December 2022.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

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		
<u>Group</u>								
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 period	-	-	-	-	-	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 period	-	-	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>

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30th September 2023

The Board of Directors of Icon Offshore Berhad (“ICON” or “the Group”) announce the following unaudited condensed consolidated financial statements for the third quarter and period ended 30th September 2023 which should be read in conjunction with the audited financial statements for the financial year ended 31st December 2022.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT PERIOD ENDED (UNAUDITED) 30.09.2023 RM	CORRESPONDING PERIOD ENDED (UNAUDITED) 30.09.2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	13,954,613	32,130,952
Adjustments for:		
Depreciation of property, plant and equipment	40,061,305	43,488,138
Depreciation of right-of-use assets	415,749	399,312
Amortisation of intangible assets	-	66,215
Interest expense	12,091,664	25,354,082
Interest income	(1,018,648)	(489,240)
Impairment loss on vessels	2,394,958	-
Unrealised gain on foreign exchange	(3,602,488)	-
Gain on disposal of property, plant and equipment	(613,026)	(1,490,186)
Operating profit before working capital changes	<u>63,684,127</u>	<u>99,459,273</u>
Changes in working capital:		
(Decrease)/Increase in inventories	(764,276)	538,595
Increase in receivables	5,590,246	7,517,329
Increase/(Decrease) in payables	3,432,338	(45,321,286)
Cash generated from operations	<u>71,942,435</u>	<u>62,193,911</u>
Tax paid	(8,186,976)	(5,393,797)
Tax refund	1,478,657	-
Net cash generated from operating activities	<u>65,234,116</u>	<u>56,800,114</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from disposal of property, plant and equipment	3,413,284	1,710,036
Purchase of property, plant and equipment	(12,945,393)	(13,069,503)
Interest received	1,018,648	1,979,426
Net cash used in investing activities	<u>(8,513,461)</u>	<u>(9,380,041)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Shareholder’s Advance from immediate holding company	-	(15,000,000)
Repayment of lease liabilities	(415,750)	(381,115)
Repayment of borrowings	(13,881,205)	(10,448,426)
Interest paid	(6,812,586)	(6,981,388)
Issuance of shares	178,830	173,250
(Increase)/Decrease in deposits pledged as security	(5,742,271)	1,635,779
Cash dividend to non-controlling interests	(3,867,413)	(803,161)
Net cash used in financing activities	<u>(30,540,395)</u>	<u>(31,805,061)</u>
Unrealised foreign exchange (loss)/gain on cash and bank balances	(1,596,810)	2,993,031
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>24,583,450</u>	<u>18,608,042</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>85,705,304</u>	<u>27,976,275</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>110,288,754</u>	<u>46,584,318</u>
Deposit pledged as security	68,504,342	53,558,347
CASH AND BANK BALANCES	<u>178,793,096</u>	<u>100,142,664</u>

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30th September 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 September 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 September 2023.

5. DEBT AND EQUITY SECURITIES

There were no debt and equity securities issued in the quarter ended 30th September 2023.

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30th September 2023

**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 30th September 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 30.09.2023	OSV RM	Drilling RM	Group RM
Revenue	58,491,667	-	58,491,667
<u>Results</u>			
Profit from operations	12,822,560	-	12,822,560
Finance cost	(4,077,993)	-	(4,077,993)
Taxation	(1,661,565)	-	(1,661,565)
Profit for the financial period	7,083,002	-	7,083,002

Cumulative Period Ended 30.09.2023	OSV RM	Drilling RM	Group RM
Revenue	157,623,190	-	157,623,190
<u>Results</u>			
Profit from operations	26,046,277	-	26,046,277
Finance cost	(12,091,664)	-	(12,091,664)
Taxation	(5,239,866)	-	(5,239,866)
Profit for the financial period	8,714,747	-	8,714,747

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 PERIOD ENDED		CORRESPONDING PERIOD ENDED	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	%	RM	%	RM	%	RM	%	RM
Revenue								
Malaysia	53	30,904,791	69	53,810,163	59	93,088,860	71	159,264,906
Brunei	47	27,586,876	31	24,697,517	41	64,534,330	29	65,801,182
Total	100	58,491,667	100	78,507,680	100	157,623,190	100	225,066,087

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30th September 2023

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

8. TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED 30.09.2023	CORRESPONDING QUARTER ENDED 30.09.2022	CURRENT PERIOD ENDED 30.09.2023	CORRESPONDING PERIOD ENDED 30.09.2022
	RM	RM	RM	RM
Current tax	369,765	616,776	262,035	4,225,684
Deferred tax	1,291,800	2,508,736	4,977,831	6,207,466
Tax expense for the financial period	1,661,565	3,125,512	5,239,866	10,433,150
Effective tax rate	19%	26%	38%	32%

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, while effective tax rate for the current period is higher than the statutory tax rate of 24% mainly due to non-deductibility of certain expenses incurred / paid to Labuan entities.

9. CHANGES IN THE COMPOSITION OF THE GROUP

There were no significant changes in the composition of the Group as at 30th September 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:

	<u>AS AT</u> <u>30.09.2023</u>	<u>AS AT</u> <u>30.09.2022</u>
	RM	RM
Approved and contracted capital expenditure commitments	9,450,401	-

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30th September 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 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 30.09.2023 RM</u>	<u>CORRESPONDING QUARTER ENDED 30.09.2022 RM</u>	<u>CURRENT PERIOD ENDED 30.09.2023 RM</u>	<u>CORRESPONDING PERIOD ENDED 30.09.2022 RM</u>
Interest expense to immediate holding company	-	4,413,984	-	13,233,633

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.

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30th September 2023

**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 30.09.2023 RM	AS AT 31.12.2022 RM	AS AT 30.09.2023 RM	AS AT 31.12.2022 RM
Fixed rate term loans	64,775,395	62,315,589	53,935,323	50,878,026

13. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment during the quarter ended 30th September 2023. As at 30th September 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

There were no other material events subsequent to the end of the quarter.

15. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 30th September 2023, the Group did not have any material contingent liabilities or assets.

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30th September 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 September 2023) against the prior year corresponding quarter (Quarter ended 30th September 2022):

(i) Revenue

Revenue decreased by RM20.0 million or 25%, from RM78.5 million in the prior year corresponding quarter to RM58.5 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 segment against prior year corresponding quarter, OSV revenue is higher by RM5.6 million due to higher daily charter rates.

(ii) Profit after taxation

The Group recorded profit after taxation of RM7.1 million in the current quarter compared to profit after tax of RM9.0 million in the prior year corresponding quarter mainly due to loss of contribution of PAT from Drilling segment of RM1.6 million which was disposed in November 2022.

Comparing the OSV segment against prior year corresponding quarter, the Group profit after tax has declined by RM0.3 million. Marginal decrease 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 September 2023) against the preceding quarter (Quarter ended 30th June 2023):

	INDIVIDUAL QUARTER	
	CURRENT QUARTER ENDED <u>30.09.2023</u> RM	PRECEDING QUARTER ENDED <u>30.06.2023</u> RM
Revenue	58,491,667	55,806,365
Profit after tax	7,083,002	5,863,277

The Group revenue increased by RM2.7 million or 5% from RM55.8 million in the preceding quarter ended 30th June 2023 to RM58.5 million in the current quarter ended 30th September 2023 mainly due to higher utilisation of vessels (Q3:86% Q2:84%) and higher daily charter rates.

The Group profit after tax in the current quarter of RM7.1 million improved as compared to profit after tax of RM5.9 million in preceding quarter as a result of higher revenue.

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30th September 2023

**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 Group foresees weaker business activity for the next quarter induced by monsoon season and scheduled vessels periodic dry-dock. Regardless of these challenges, the Group remains committed to its core business strategies by focusing on cost optimisation and conserving cash to register stable financial and business performance.

As at 30th September 2023, the Group's Order Book stood at RM444.8 million for its OSV Segment with Long Term Contracts representing 99% of the Order Book, and therefore providing stability in cashflow and earnings to the Group.

The Board of Directors will remain focused on initiatives to improve the OSV business as well as synergistic business opportunities, on 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 THIRD QUARTER ENDED 30th September 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 30.09.2023	CORRESPONDING QUARTER ENDED 30.09.2022	CURRENT PERIOD ENDED 30.09.2023	CORRESPONDING PERIOD ENDED 30.09.2022
	RM	RM	RM	RM
Depreciation of property, plant and equipment	13,459,622	14,578,763	40,061,305	43,488,138
Depreciation of right-of-use assets	143,735	126,848	415,749	399,312
Amortisation of intangible asset	-	66,215	-	66,215
Interest income	(396,426)	(94,580)	(1,018,648)	(489,240)
Interest expense	4,077,993	8,605,540	12,091,664	25,354,082
Impairment loss on vessels	-	-	2,394,958	-
Realised loss on foreign exchange	377,693	488,016	377,693	750,877
Unrealised gain on foreign exchange	35,182	-	(3,602,488)	-
Gain on disposal of property, plant and equipment	(561,210)	(1,490,186)	(613,026)	(1,490,186)

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 (RM '000)
(i) Redemption and discharge of existing mortgage over the Rig	1 month	159,200	159,968	(768)
(ii) Distribution to shareholder of ICON	6 months	180,000	181,225	(1,225)
(iii) General corporate and working capital requirement	24 months	40,119	2,936	37,183
(iv) Estimation expenses in relation to the Proposed Disposal	Immediate	14,571	13,642	929
TOTAL		393,890	357,771	36,119

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30th September 2023

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

6. STATUS OF CORPORATE PROPOSALS ANNOUNCED (continued)

- (b) The Company has on 9 May 2023 announced the circular/notice to shareholders on the proposed Share Capital Reduction of the issued share capital of the Company by RM830 million pursuant to Section 116 of the Companies Act 2016, and the proposed Share Consolidation of every 5 existing ordinary shares into 1. The Company had subsequently announced on 31 May 2023, that the shareholders' approval on the proposals have been obtained via an Extra Ordinary Meeting. On 7 July 2023, the Company has made another announcement that the application in relation to Share Capital Reduction has been lodged to the High Court of Malaya. Pursuant to the same, order was granted by the Court of Malaya on 3 November 2023 has been announced and the same order will be lodged to Registrar of Companies in due course. On 7 November 2023, the Company has made the announcement that the Share Capital Reduction shall be deemed completed as the sealed order confirming on the Share Capital Reduction has been lodged to Registrar of Companies on the same day. In relation to Share Consolidation, the Company has on 14 November 2023 announced that the Share Consolidation with the entitlement details of ratio 1.0000:5.0000 (new: existing respectively) will be held on 28 November 2023 at 5pm. On 15 November 2023, another announcement has been made on the Book Closure Date for the Share Consolidation.
- (c) The Company has on 15 May 2023 announced the circular/notice to shareholders on the proposed Termination of the Company's Existing Employees' Share Scheme, proposed Establishment of a New Long-Term Incentive Plan ("LTIP") of up to 5% of the total number of Issued Shares in the Company, proposed Allocation of LTIP Award to Dato' Sri Hadian bin Hashim, the Managing Director of the Company. The Company had subsequently announced on 31 May 2023, that the shareholders' approval on the proposals have been obtained via an Extra Ordinary Meeting. On 8 August 2023, the Company announced that the effective date of the implementation of the LTIP has been fixed on the same day of this announcement. In furtherance to that, another announcement has been made that the Company has grant Employee Share Option Scheme to Dato' Sri Hadian, the Managing Director of the Company to subscribe the new ordinary shares.

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 30.09.2023	AS AT 31.12.2022
	RM	RM
Short term:		
<u>Secured</u>		
Bank borrowings		
- term loans	33,100,326	13,683,476
Redeemable preference shares	10,362,695	9,851,466
	43,463,021	23,534,942
Long-term:		
<u>Secured</u>		
Bank borrowings		
- term loan	233,768,894	262,790,281
	233,768,894	262,790,281
Total borrowings	277,231,915	286,325,223

As at 30th September 2023, the Group has provided bank guarantees, tender bonds and bid bonds amounting to RM7.4 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.

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30th September 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 ended 30th September 2023.

9. CHANGES IN MATERIAL LITIGATION

(i) 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., 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. DIVIDEND

The Board of Directors has declared an interim single-tier dividend of 5 sen per ordinary share for the financial year ended 31 December 2023 approximately RM27.0 million. The interim single-tier dividend entitlement date and payable date are 21 December 2023 and 9 January 2024 respectively.

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30th September 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.

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE PERIOD</u>	
	<u>CURRENT QUARTER ENDED 30.09.2023</u>	<u>CORRESPONDING QUARTER ENDED 30.09.2022</u>	<u>CURRENT PERIOD ENDED 30.09.2023</u>	<u>CORRESPONDING PERIOD ENDED 30.09.2022</u>
Profit attributable to equity holders (RM)	6,209,895	7,651,442	6,391,893	17,925,808
Weighted average number of ordinary shares in issue	<u>2,706,302,794</u>	<u>2,704,560,765</u>	<u>2,706,302,794</u>	<u>2,704,560,765</u>
Basic/Diluted EPS (sen)	<u>0.23</u>	<u>0.28</u>	<u>0.24</u>	<u>0.66</u>

12. LISTING REQUIREMENT

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

BY ORDER OF THE BOARD

Dato' Sri Hadian Hashim
Managing Director
29th November 2023