

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

QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31st December 2023

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

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The Board of Directors of Icon Offshore Berhad (“ICON” or “the Group”) announce the following unaudited condensed consolidated financial statements for the fourth quarter and year ended 31st December 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) 31.12.2023	CORRESPONDING QUARTER ENDED (UNAUDITED) 31.12.2022	CURRENT YEAR ENDED (UNAUDITED) 31.12.2023	CORRESPONDING YEAR ENDED (AUDITED) 31.12.2022
	RM	RM	RM	RM
Revenue	42,164,899	58,416,417	199,788,089	283,482,504
Cost of sales	<u>(44,638,018)</u>	<u>(66,695,923)</u>	<u>(161,418,815)</u>	<u>(212,484,172)</u>
Gross profit	(2,473,119)	(8,279,506)	38,369,274	70,998,332
Other income	1,176,741	1,133,958	2,988,409	1,750,855
Gain on disposal of property, plant & equipment	36,835	204,834,915	649,861	206,325,101
Administrative expenses	(5,754,508)	(18,132,103)	(20,580,361)	(42,031,989)
Reversal/(Impairment) on vessels (net)	<u>14,557,264</u>	<u>(9,262,498)</u>	<u>12,162,306</u>	<u>(9,262,499)</u>
Profit from operations	7,543,213	170,294,766	33,589,489	227,779,800
Finance costs	<u>(8,608,134)</u>	<u>(6,665,088)</u>	<u>(20,699,798)</u>	<u>(32,019,170)</u>
(Loss)/Profit before taxation	(1,064,921)	163,629,678	12,889,691	195,760,630
Taxation	<u>(933,245)</u>	<u>(12,826,478)</u>	<u>(6,173,111)</u>	<u>(23,259,628)</u>
(Loss)/Profit for the quarter/year	<u>(1,998,166)</u>	<u>150,803,200</u>	<u>6,716,580</u>	<u>172,501,002</u>
Other comprehensive income/(loss): Items that will be classified subsequently to profit or loss: Currency translation differences	<u>338,765</u>	<u>(260,202)</u>	<u>1,766,519</u>	<u>2,732,830</u>
Total comprehensive (loss)/income for the quarter/year	<u>(1,659,401)</u>	<u>150,542,998</u>	<u>8,483,099</u>	<u>175,233,832</u>

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (continued)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED (UNAUDITED) 31.12.2023 RM	CORRESPONDING QUARTER ENDED (UNAUDITED) 31.12.2022 RM	CURRENT YEAR ENDED (UNAUDITED) 31.12.2023 RM	CORRESPONDING YEAR ENDED (AUDITED) 31.12.2022 RM
(Loss)/Profit attributable to:				
- Equity holders of the Company	(1,535,715)	150,991,293	4,856,178	168,917,100
- Non-controlling interests	<u>(462,451)</u>	<u>(188,093)</u>	<u>1,860,402</u>	<u>3,583,902</u>
	<u>(1,998,166)</u>	<u>150,803,200</u>	<u>6,716,580</u>	<u>172,501,002</u>
Total comprehensive (loss)/income attributable to:				
- Equity holders of the Company	(1,362,944)	150,858,590	5,757,102	170,310,843
- Non-controlling interests	<u>(296,457)</u>	<u>(315,592)</u>	<u>2,725,997</u>	<u>4,922,989</u>
	<u>(1,659,401)</u>	<u>150,542,998</u>	<u>8,483,099</u>	<u>175,233,832</u>
(Loss)/Profit per share for profit attributable to the ordinary equity holders of the Company:				
Basic/Diluted (loss)/earnings per share (sen)	<u>(0.28)</u>	<u>5.58</u>	<u>0.90</u>	<u>6.25</u>

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	UNAUDITED AS AT 31.12.2023 RM	AUDITED AS AT 31.12.2022 RM
Non-current assets		
Property, plant and equipment	492,008,149	517,346,850
Cash and bank balances	-	26,336,127
Right-of-use assets	469,287	978,542
Deferred tax assets	18,052,782	20,966,108
	<u>510,530,218</u>	<u>565,627,627</u>
Current assets		
Inventories	4,271,023	2,739,091
Trade and other receivables	47,669,078	56,317,638
Tax recoverable	4,337,901	4,417,931
Cash and bank balances	147,358,131	122,131,248
	<u>203,636,133</u>	<u>185,605,908</u>
Asset Held for Sale	11,934,000	2,184,434
	<u>215,570,133</u>	<u>187,790,342</u>
Less: Current liabilities		
Trade and other payables	42,622,291	36,097,103
Dividend payable	31,581,874	-
Lease liabilities	504,987	563,978
Borrowings	248,795,659	23,534,942
Taxation payable	1,731,880	7,345,846
	<u>325,236,691</u>	<u>67,541,869</u>
Net current (liability)/asset	(109,666,558)	120,248,473
Less: Non-current liabilities		
Lease liabilities	49,950	519,404
Borrowings	-	262,790,281
Deferred tax liabilities	23,485,306	20,044,140
	<u>23,535,256</u>	<u>283,353,825</u>
	<u><u>377,328,404</u></u>	<u><u>402,522,275</u></u>

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	UNAUDITED AS AT 31.12.2023	AUDITED AS AT 31.12.2022
	RM	RM
Equity attributable to equity holders of the Company		
Share capital	317,941,147	1,147,277,391
Warrants reserve	32,725,839	32,725,839
Currency translation reserve	3,081,196	2,180,272
Share based payment reserve	39,163	123,664
Capital contribution reserve	7,613,546	6,420,484
Accumulated losses	(16,061,208)	(823,835,512)
Non-controlling interest	31,988,721	37,630,137
Total equity	377,328,404	402,522,275

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Attributable to equity holders of the Company

<u>Group</u>	Issued and fully paid ordinary shares	Non-distributable					Distributable	Non- controlling interest RM	Total equity RM
	Share capital RM	Warrants reserve RM	Currency translation reserve RM	Share based payment reserve RM	Capital contribution RM	Accumulated losses RM			
At 1 January 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 year	-	-	-	-	-	4,856,178	1,860,402	6,716,580	
Currency translation differences, representing total income and expense recognised directly in equity	-	-	900,924	-	-	-	865,595	1,766,519	
Total comprehensive income for the financial year	-	-	900,924	-	-	4,856,178	2,725,997	8,483,099	
Issuance of shares for ESOS	663,756	-	-	(301,776)	-	-	-	361,980	
Share based payments	-	-	-	340,939	1,069,398	-	-	1,410,337	
Dividend paid to non-controlling interest	-	-	-	-	-	-	(3,867,413)	(3,867,413)	
Dividend payable	-	-	-	-	-	(27,081,874)	(4,500,000)	(31,581,874)	
Capital Reduction	(830,000,000)	-	-	-	-	830,000,000	-	-	
Reclass from Share Base to Capital Contribution	-	-	-	(123,664)	123,664	-	-	-	
At 31 December 2023	<u>317,941,147</u>	<u>32,725,839</u>	<u>3,081,196</u>	<u>39,163</u>	<u>7,613,546</u>	<u>(16,061,208)</u>	<u>31,988,721</u>	<u>377,328,404</u>	

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Attributable to equity holders of the Company

<u>Group</u>	<u>Issued and fully paid ordinary shares</u>	<u>Attributable to equity holders of the Company</u>						<u>Non- controlling interest</u> RM	<u>Total equity</u> RM
	<u>Share capital</u> RM	<u>Warrants reserve</u> RM	<u>Currency translation reserve</u> RM	<u>Share based payment reserve</u> RM	<u>Non-distributable Capital contribution</u> RM	<u>Distributable Accumulated losses</u> 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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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR ENDED (UNAUDITED) 31.12.2023 RM	CORRESPONDING YEAR ENDED (AUDITED) 31.12.2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	12,889,691	195,760,630
Adjustments for:		
Depreciation of property, plant and equipment	54,602,943	59,199,123
Depreciation of right-of-use assets	555,619	544,778
Amortisation of intangible assets	-	73,573
Interest expense	20,699,798	32,019,170
Interest income	(1,365,345)	(497,073)
Impairment loss on vessels	3,179,158	27,034,215
Reversal of impairment loss on vessel	(15,341,464)	(17,771,716)
(Reversal)/Impairment of receivables (net)	(23,348)	4,654,535
Unrealised gain on foreign exchange	(4,356,014)	(3,114,665)
Share-based payment expense	1,410,337	438,556
Exercise of put option to acquire shares of non-controlling interest	-	4,098,192
Gain on disposal of property, plant and equipment	(649,861)	(206,325,101)
Operating profit before working capital changes	71,601,514	96,114,217
Changes in working capital:		
Increase in inventories	(1,531,932)	(1,669,474)
Decrease in receivables	9,995,408	50,780,219
Increase/(Decrease) in payables	7,999,884	(12,030,048)
Cash generated from operations	88,064,874	133,194,914
Tax paid	(8,278,080)	(5,564,316)
Tax refund	1,492,147	-
Net cash generated from operating activities	81,278,941	127,630,598
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from disposal of property, plant and equipment	3,446,500	377,008,778
Purchase of property, plant and equipment	(23,193,086)	(13,160,825)
Interest received	1,365,345	497,073
Payment to acquire shares of non-controlling interest	-	(4,098,192)
Net cash (used in)/generated from investing activities	(18,381,241)	360,246,834
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Shareholder’s Advance from immediate holding company	-	(174,200,000)
Repayment of lease liabilities	(622,706)	(536,179)
Repayment of borrowings	(48,651,902)	(40,753,398)
Interest paid	(8,937,775)	(25,241,539)
Issuance of shares	361,980	173,250
Increase in deposits pledged as security	(4,964,477)	(20,043,855)
Dividend paid	-	(181,224,799)
Dividend paid to non-controlling interest	(3,867,413)	(803,161)
Net cash used in financing activities	(66,682,293)	(442,629,681)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	CURRENT YEAR ENDED (UNAUDITED) 31.12.2023 RM	CORRESPONDING YEAR ENDED (AUDITED) 31.12.2022 RM
Effects of changes in foreign exchange rates	(2,289,128)	5,368
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(6,073,721)	45,253,119
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	85,705,304	40,452,185
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	79,631,583	85,705,304
Deposit pledged as security	67,726,548	62,762,071
CASH AND BANK BALANCES	147,358,131	148,467,375

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31st December 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”
- Amendments to MFRS 108 “Definition of Accounting Estimates”
- Amendments to MFRS 112 “International Tax Reform - Pillar Two Model Rules”

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 31st December 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 December 2023.

5. DEBT AND EQUITY SECURITIES

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

	2023			2022		
Individual Quarter Ended	OSV RM'000	Drilling RM'000	Group RM'000	OSV RM'000	Drilling RM'000	Group RM'000
Revenue	42,165	-	42,165	50,188	8,228	58,416
<u>Results</u>						
Profit/(loss) from operations	7,543	-	7,543	(15,993)	186,287	170,294
Finance cost	(8,608)	-	(8,608)	(4,410)	(2,255)	(6,665)
Taxation	(933)	-	(933)	(9,659)	(3,167)	(12,826)
(Loss)/Profit for the financial period	(1,998)	-	(1,998)	(30,062)	180,865	150,803

	2023			2022		
Cumulative Year Ended	OSV RM'000	Drilling RM'000	Group RM'000	OSV RM'000	Drilling RM'000	Group RM'000
Revenue	199,788	-	199,788	193,369	90,114	283,483
<u>Results</u>						
Profit from operations	33,589	-	33,589	13,943	213,837	227,780
Finance cost	(20,700)	-	(20,700)	(16,530)	(15,489)	(32,019)
Taxation	(6,173)	-	(6,173)	(16,632)	(6,628)	(23,260)
Profit/(Loss) for the financial period	6,716	-	6,716	(19,219)	191,720	172,501

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

7. SEGMENT RESULTS AND REPORTING (continued)

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	
	31.12.2023		31.12.2022		31.12.2023		31.12.2022	
	%	RM	%	RM	%	RM	%	RM
Revenue								
Malaysia	70	29,633,672	62	36,076,409	65	129,771,053	72	205,449,634
Brunei	30	12,531,227	38	22,340,008	35	70,017,036	28	78,032,870
Total	100	42,164,899	100	58,416,417	100	199,788,089	100	283,482,504

8. TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED	CORRESPONDING QUARTER ENDED	CURRENT YEAR ENDED	CORRESPONDING YEAR ENDED
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
Current tax	989,962	4,598,909	1,251,997	8,824,593
Deferred tax	(56,717)	8,227,569	4,921,114	14,435,035
Tax expense for the financial period/year	<u>933,245</u>	<u>12,826,478</u>	<u>6,173,111</u>	<u>23,259,628</u>
Effective tax rate	88%	8%	48%	12%

The Group's effective tax rate for the current quarter and year end is above the statutory tax rate of 24% because of non-deductibility of certain expenses incurred.

9. CHANGES IN THE COMPOSITION OF THE GROUP

There were no significant changes in the composition of the Group as at 31st December 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 31.12.2023</u>	<u>AS AT 31.12.2022</u>
	RM	RM
Approved and contracted capital expenditure commitments	<u>15,628,881</u>	<u>-</u>

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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 <u>31.12.2023</u> RM</u>	<u>CORRESPONDING QUARTER ENDED <u>31.12.2022</u> RM</u>	<u>CURRENT YEAR ENDED <u>31.12.2023</u> RM</u>	<u>CORRESPONDING YEAR ENDED <u>31.12.2022</u> RM</u>
Interest expense to immediate holding company	-	2,254,970	-	15,488,603

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 paid the 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.

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 31.12.2023	AS AT 31.12.2022	AS AT 31.12.2023	AS AT 31.12.2022
	RM	RM	RM	RM
Fixed rate term loans	64,649,664	62,315,589	54,294,476	50,878,026

13. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment during the quarter ended 31st December 2023 except for certain aged vessels which were reclassified from property, plant and equipment to non-current asset held for sale were subsequently remeasured at fair value. The remaining 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 31st December 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 December 2023) against the prior year corresponding quarter (Quarter ended 31st December 2022):

(i) Revenue

Revenue decreased by RM16.3 million or 28%, from RM58.4 million in the prior year corresponding quarter to RM42.2 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 lower by RM8.0 million due to lower utilisation of vessels.

(ii) Profit after taxation

The Group recorded loss after taxation of RM2.0 million in the current quarter compared to profit after tax of RM150.8 million in the prior year corresponding quarter mainly due to loss of contribution of PAT from Drilling segment which includes gain on disposal of the rig of RM198.7 million.

Comparing the OSV segment against prior year corresponding quarter, the Group profit after tax has improved by RM28.1 million. The significant increase in the current OSV PAT was due to provisions amounting to RM34.0 million incurred in prior year's corresponding quarter. However, the result of the current quarter was adversely affected by a charter of a replacement vessel and higher fuel costs.

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

	INDIVIDUAL QUARTER	
	CURRENT QUARTER ENDED 31.12.2023 RM	PRECEDING QUARTER ENDED 30.09.2023 RM
Revenue	42,164,899	58,491,667
Profit after tax	(1,998,166)	7,083,002

The Group revenue decreased by RM16.3 million or 28% from RM58.5 million in the preceding quarter ended 30th September 2023 to RM42.2 million in the current quarter ended 31st December 2023 mainly due to lower utilisation of vessels (Q4:61% Q3:86%).

The Group loss after tax in the current quarter of RM2.0 million declined as compared to profit after tax of RM7.1 million in preceding quarter as a result of lower revenue, charter of a replacement vessel and higher fuel costs.

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

2. PROSPECTS FOR THE GROUP

The Group foresees stronger performance for the next financial year supported by sustainable crude oil prices and strong oil & gas activity. The Group remains committed to its core business strategies by focusing on operational improvement, cost optimisation and conserving cash to register stable business and financial performance.

As at 31st December 2023, the Group's Order Book remains healthy at RM333.8 million for its OSV Segment with Long Term Contracts representing 92% of the Order Book.

The Board of Directors remains 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 31st December 2022.

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

5. (LOSS)/PROFIT BEFORE TAX

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT QUARTER ENDED 31.12.2023	CORRESPONDING QUARTER ENDED 31.12.2022	CURRENT YEAR ENDED 31.12.2023	CORRESPONDING YEAR ENDED 31.12.2022
	RM	RM	RM	RM
Depreciation of property, plant and equipment	14,541,638	15,710,985	54,602,943	59,199,123
Depreciation of right-of-use assets	139,870	145,466	555,619	544,778
Amortisation of intangible asset	-	7,358	-	73,573
Interest income	(346,697)	(7,833)	(1,365,345)	(497,073)
Interest expense	8,608,134	6,665,088	20,699,798	32,019,170
Impairment loss on vessels	784,200	27,034,215	3,179,158	27,034,215
Reversal of impairment loss on vessels	(15,341,464)	(17,771,716)	(15,341,464)	(17,771,716)
(Reversal)/Impairment of receivables (net)	(23,348)	4,654,535	(23,348)	4,654,535
Realised loss on foreign exchange	21,000	(179,385)	398,693	571,492
Unrealised gain on foreign exchange	(753,526)	(3,114,665)	(4,356,014)	(3,114,665)
Gain on disposal of property, plant and equipment	(36,835)	(204,834,915)	(649,861)	(206,325,101)

Other than as presented in the condensed consolidated statements of comprehensive income and as disclosed above, there were no impairment of other 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 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	-	40,119
(iv) Estimation expenses in relation to the Proposed Disposal	Immediate	14,571	13,732	839
TOTAL		393,890	354,925	38,965

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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) The Company had 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 had been obtained via an Extraordinary Meeting. On 7 July 2023, the Company has made further announcement that the application in relation to Share Capital Reduction had been lodged to the High Court of Malaya. Pursuant to the same, order granted by the Court of Malaya on 3 November 2023 was 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 had 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, a further announcement was made on the Book Closure Date for the Share Consolidation. On 28 and 29 November 2023, the Company made two subsequent announcements confirming that the Company shares will be and has been consolidated.
- (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 Extraordinary Meeting. On 8 August 2023, the Company announced that the effective date of the implementation of the LTIP was fixed on the same day of this announcement. In furtherance to that, another announcement has been made on 9 October 2023, 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. The Company has made further announcement on 14 December 2023 offered ordinary shares under Employees' Share Grant Plan (ESGP) to the MD.

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 31.12.2023	AS AT 31.12.2022
	RM	RM
Short term:		
<u>Secured</u>		
Bank borrowings		
- term loans	238,328,251	13,683,476
Redeemable preference shares	10,467,408	9,851,466
	248,795,659	23,534,942
Long-term:		
<u>Secured</u>		
Bank borrowings		
- term loans	-	262,790,281
	-	262,790,281
Total borrowings	248,795,659	286,325,223

As at 31 December 2023, long-term borrowings of RM202,937,467 were classified as short-term borrowings due to a technical breach of a covenant of several loans with a bank. The Group has on 28 February 2024 received the waiver from complying with the said loan covenant for the year ended 31 December 2023 and as of that date borrowings totaling RM179,039,607 have been reclassified to long-term borrowings. Should the waiver letter be received before year-end, short-term borrowings of RM202,937,467 would have been reclassified to long-term borrowings resulting in the Group being in a net current asset position of RM61,887,950. Management is in discussions with the bank to redefine the applicable loan covenants for the next financial year.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31st December 2023

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

7. BORROWINGS (continued)

As at 31st December 2023, the Group has provided bank guarantees, tender bonds and bid bonds amounting to RM7.7 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. All borrowings of the Group are denominated in MYR.

8. DERIVATIVE FINANCIAL INSTRUMENTS

The Group does not have any derivative financial instruments for the quarter and year ended 31st December 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 11 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 11 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 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 was paid on 9 January 2024. Comparing to the financial year ended 31 December 2022, RM182.0 million of dividend was paid.

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

11. EARNINGS PER SHARE (“EPS”)

The basic (loss)/earnings per share (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 31.12.2023	CORRESPONDING QUARTER ENDED 31.12.2022	CURRENT YEAR ENDED 31.12.2023	CORRESPONDING YEAR ENDED 31.12.2022
(Loss)/Profit attributable to equity holders (RM)	(1,535,715)	150,991,293	4,856,178	168,917,100
Weighted average number of ordinary shares in issue	<u>541,283,772</u>	<u>2,704,621,801</u>	<u>541,283,772</u>	<u>2,704,621,801</u>
Basic/Diluted (loss)/earnings per share(EPS) (sen)	<u>(0.28)</u>	<u>5.58</u>	<u>0.90</u>	<u>6.25</u>

12. LISTING REQUIREMENT

The external auditors had performed a limited review in accordance with ISRE 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' on the interim condensed financial statements of the Group as at 31 December 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 February 2024