

**11. FINANCIAL INFORMATION****11.1 HISTORICAL FINANCIAL INFORMATION**

Our audited consolidated financial statements throughout the FYEs 2020 to 2022 and FPE Sep 2023 as well as unaudited consolidated financial statements for the FPE Sep 2022 have been prepared in accordance with MFRS and IFRS.

**11.1.1 Historical financial information**

The following summary should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" set out in Section 11.2 and the Accountants' Report set out in Section 12.

**(i) Historical consolidated statements of profit or loss and other comprehensive income**

The following table sets out a summary of our historical consolidated statements of profit or loss and other comprehensive income for the FYEs 2020 to 2022 as well as FPEs Sep 2022 and 2023:

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	75,231	139,756	236,204	168,601	310,918
Cost of sales	(54,335)	(97,170)	(146,632)	(107,559)	(167,531)
GP	20,896	42,586	89,572	61,042	143,387
Other income	4,663	1,796	9,000	8,434	1,151
	25,559	44,382	98,572	69,476	144,538
Administrative expenses	(4,932)	(8,037)	(14,447)	(10,043)	(13,839)
Other expenses	(1,619)	(1,924)	(6,559)	(4,198)	(5,547)
Finance costs	(1,358)	(3,723)	(8,722)	(6,298)	(10,710)
Impairment losses on financial assets	(17)	(5,677)	(4,307)	-	-
Gain on dissolution of a subsidiary	-	-	499	-	-
Share of (losses)/profits of an equity accounted associate	(100)	4	(25)	(28)	(15)
<b>PBT</b>	<b>17,533</b>	<b>25,025</b>	<b>65,011</b>	<b>48,909</b>	<b>114,427</b>
Income tax expense	(4,017)	(7,018)	(15,160)	(12,150)	(30,190)
<b>PAT</b>	<b>13,516</b>	<b>18,007</b>	<b>49,851</b>	<b>36,759</b>	<b>84,237</b>
Other comprehensive (expenses)/income	(596)	(62)	(112)	69	-
<b>Total comprehensive income for the financial year/period</b>	<b>12,920</b>	<b>17,945</b>	<b>49,739</b>	<b>36,828</b>	<b>84,237</b>
PAT attributable to:					
- Owners of the Company	13,516	17,621	48,877	36,047	83,352
- Non-controlling interests	-	386	974	712	885
	<b>13,516</b>	<b>18,007</b>	<b>49,851</b>	<b>36,759</b>	<b>84,237</b>

**11. FINANCIAL INFORMATION (Cont'd)**

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
EBIT <sup>(1)</sup>	18,831	28,630	66,344	47,840	124,830
EBITDA <sup>(1)</sup>	22,976	39,495	91,713	65,643	151,377
EBITDA margin	30.5	28.3	38.8	38.9	48.7
GP margin (%)	27.8	30.5	37.9	36.2	46.1
PBT margin (%)	23.3	17.9	27.5	29.0	36.8
PAT margin (%)	18.0	12.9	21.1	21.8	27.1
Effective tax rate (%)	22.9	28.0	23.3	24.8	26.4
EPS (sen) <sup>(2)</sup>	2.7	3.5	9.8	7.2	16.6
Diluted EPS (sen) <sup>(3)</sup>	1.7	2.2	6.1	4.5	10.4

Notes:

(1) EBIT and EBITDA are calculated as follows:

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
PAT	13,516	18,007	49,851	36,759	84,237
Less:					
Interest income	(60)	(118)	(107)	(85)	(307)
Fair value adjustment on Keyfield CRNCPS	-	-	(7,282)	(7,282)	-
Add:					
Finance costs (Borrowings)	1,358	3,723	4,466	3,141	7,504
Finance costs (Keyfield CRNCPS)	-	-	4,256	3,157	3,206
Income tax expense	4,017	7,018	15,160	12,150	30,190
<b>EBIT</b>	<b>18,831</b>	<b>28,630</b>	<b>66,344</b>	<b>47,840</b>	<b>124,830</b>
Add:					
Depreciation and amortisation	4,145	10,865	25,369	17,803	26,547
<b>EBITDA</b>	<b>22,976</b>	<b>39,495</b>	<b>91,713</b>	<b>65,643</b>	<b>151,377</b>

(2) Calculated based on the PAT attributable to owners of the Company divided by the share capital of 501,040,000 Shares before the IPO.

(3) Calculated based on the PAT attributable to owners of the Company divided by the enlarged share capital of 800,000,000 Shares after the IPO.

**11. FINANCIAL INFORMATION (Cont'd)****(ii) Historical consolidated statements of financial position**

The following table sets out our historical consolidated statements of financial position as at 31 December 2020 to 2022 and 30 September 2023:

	<b>Audited</b>			
	<b>As at 31 December</b>			<b>As at 30</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>September</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment in an associate	250	254	229	214
Property, plant and equipment	160,476	232,971	368,567	508,198
Investment property	-	-	1,555	1,532
Right-of-use assets	265	14,261	19,068	17,210
Other investments	-	-	218	218
<b>Total non-current assets</b>	<b>160,991</b>	<b>247,486</b>	<b>389,637</b>	<b>527,372</b>
<b>Current assets</b>				
Inventories	480	1,701	2,141	1,392
Trade receivables	22,660	64,889	88,008	147,392
Other receivables, deposits and prepayments	12,339	2,528	735	1,770
Current tax assets	580	150	72	60
Fixed deposits with licensed banks	2,711	6,179	6,240	7,304
Cash and bank balances	20,176	14,656	17,024	36,668
<b>Total current assets</b>	<b>58,946</b>	<b>90,103</b>	<b>114,220</b>	<b>194,586</b>
<b>TOTAL ASSETS</b>	<b>219,937</b>	<b>337,589</b>	<b>503,857</b>	<b>721,958</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital	125,260	125,260	125,260	125,260
Reserves	(1,528)	16,031	62,712	141,016
<b>NA<sup>(1)</sup></b>	<b>123,732</b>	<b>141,291</b>	<b>187,972</b>	<b>266,276</b>
Non-controlling interests	-	3,391	4,365	5,250
<b>TOTAL EQUITY</b>	<b>123,732</b>	<b>144,682</b>	<b>192,337</b>	<b>271,526</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Cumulative redeemable non-convertible preference shares ("CRNCPS")	-	15,563	136,778	138,782
Lease liabilities	88	8,802	8,040	6,407
Other payables	-	8,206	2,000	94,464
Borrowings	42,367	49,663	27,461	9,854
Deferred tax liabilities	7,954	14,836	29,634	59,757
<b>Total non-current liabilities</b>	<b>50,409</b>	<b>97,070</b>	<b>203,913</b>	<b>309,264</b>

**11. FINANCIAL INFORMATION (Cont'd)**

	Audited			
	As at 31 December			As at 30
	2020	2021	2022	September
	RM'000	RM'000	RM'000	2023 RM'000
<b>Current liabilities</b>				
Trade payables	13,638	33,923	33,719	51,500
Other payables and accruals	10,151	12,907	7,338	29,958
CRNCPS	-	-	3,563	2,494
Lease liabilities	42	5,405	10,897	10,927
Borrowings	21,949	43,486	51,877	46,084
Current tax liabilities	16	116	213	205
<b>Total current liabilities</b>	<b>45,796</b>	<b>95,837</b>	<b>107,607</b>	<b>141,168</b>
<b>TOTAL LIABILITIES</b>	<b>96,205</b>	<b>192,907</b>	<b>311,520</b>	<b>450,432</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>219,937</b>	<b>337,589</b>	<b>503,857</b>	<b>721,958</b>

Note:

(1) NA attributable to the owners of the Company.

**(iii) Historical consolidated statements of cash flows**

The following table sets out our consolidated statements of cash flows for the FYEs 2020 to 2022 as well as FPEs Sep 2022 and 2023:

	Audited			Unaudited	Audited
	FYE	FYE	FYE	FPE Sep	FPE Sep
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities</b>					
PBT	17,533	25,025	65,011	48,909	114,427
Adjustments for:					
Accretion of interest on CRNCPS	-	-	2,260	1,582	2,004
Allowance for impairment losses on trade receivables	-	5,128	4,307	-	-
Bad debts written off	17	549	-	-	-
Depreciation:					
- property, plant and equipment	4,084	8,802	18,864	13,645	19,826
- investment property	26	-	16	8	23
- right-of-use assets	35	2,063	6,489	4,150	6,698
Other interest expenses	1,358	3,550	8,194	5,983	10,120
Interest expense on lease liabilities	-	171	529	315	590
Share of losses/(profits) of an equity accounted associate	100	(4)	25	28	15

**11. FINANCIAL INFORMATION (Cont'd)**

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Net unrealised loss/(gain) on foreign exchange	460	76	-	469	(79)
Dividend income:					
- an associate	-	-	(98)	-	-
Fair value gain on CRNCPS	-	-	(7,282)	(7,282)	-
Gain on lease modification	-	-	(177)	(177)	18
Gain on disposal:					
- property, plant and equipment	-	(3)	-	-	-
- investment property	(91)	-	-	-	-
Gain on dissolution of a subsidiary	-	-	(499)	-	-
Interest income	(60)	(118)	(107)	(85)	(307)
<b>Operating profit before working capital changes</b>	<b>23,462</b>	<b>45,239</b>	<b>97,532</b>	<b>67,545</b>	<b>153,335</b>
Increase in inventories	(144)	(1,221)	(440)	273	749
Increase in trade and other receivables	(5,637)	(46,144)	(24,228)	(29,738)	(60,419)
(Decrease)/Increase in trade and other payables	(4,301)	25,946	(5,208)	(478)	17,260
Increase/(Decrease) in amount owing to related parties	-	1,015	(1,015)	(1,015)	-
Decrease in amount owing to an associate	(262)	-	-	-	-
<b>Cash from operations</b>	<b>13,118</b>	<b>24,835</b>	<b>66,641</b>	<b>36,587</b>	<b>110,925</b>
Interest paid	(1,358)	(3,623)	(3,932)	(3,644)	(11,779)
Income tax paid	(432)	(196)	(222)	-	(119)
Tax refunds	-	590	-	71	56
<b>Net cash from operating activities</b>	<b>11,328</b>	<b>21,606</b>	<b>62,487</b>	<b>33,014</b>	<b>99,083</b>
<b>Cash flows for investing activities</b>					
Acquisition of a subsidiary, net of cash and cash equivalents acquired	-	-	448	448	-
Addition:					
- right-of-use assets	(150)	-	-	-	-
- other investment	-	-	(218)	(218)	-
Interest income received	60	118	107	85	307

**11. FINANCIAL INFORMATION (Cont'd)**

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Proceeds from issuance of shares to non-controlling interests	-	5	-	-	-
Proceeds from disposal:					
- property, plant and equipment	-	30	250	250	-
- investment property	2,500	-	-	-	-
Purchase of property, plant and equipment	(56,630)	(26,414)	(11,789)	(10,906)	(30,372)
(Increase)/Decrease in pledged fixed deposits with licensed banks	(166)	275	-	-	(1,799)
Net (increase)/decrease in fixed deposits restricted for use	-	(3,743)	(61)	(61)	735
Dividend received from an associate	-	-	98	-	-
<b>Net cash for investing activities</b>	<b>(54,386)</b>	<b>(29,729)</b>	<b>(11,165)</b>	<b>(10,402)</b>	<b>(31,129)</b>
<b>Cash flows from/(for) financing activities</b>					
Dividend paid	(500)	-	(2,083)	-	(5,010)
Drawdown of term loans	38,349	259	10,116	10,116	3,000
Net drawdown/(repayment) of revolving credits	6,327	2,313	11,301	2,514	(3,074)
Proceeds from issuance of ordinary shares	10,100	-	-	-	-
Proceeds from issuance /(Redemption) of CRNCPS	-	15,563	(15,563)	(10,000)	-
Net advances from/(repayment to) a shareholder	25,709	(5,021)	(4,946)	(446)	-
Repayment to Directors (Repayment to)/Advances from related parties	(202)	-	-	-	-
(10,243)	4,507	(1,000)	-	-	-
Advances from/(Repayment to) third parties	-	5,060	(5,206)	(5,206)	(13,518)
Repayment of lease liabilities	(20)	(1,982)	(6,389)	(3,820)	(6,461)
Repayment of term loans	(9,782)	(18,069)	(35,228)	(18,997)	(23,326)
<b>Net cash from/(for) financing activities</b>	<b>59,738</b>	<b>2,630</b>	<b>(48,998)</b>	<b>(25,839)</b>	<b>(48,389)</b>

**11. FINANCIAL INFORMATION (Cont'd)**

	<b>Audited</b>			<b>Unaudited</b>	<b>Audited</b>
	<b>FYE</b>	<b>FYE</b>	<b>FYE</b>	<b>FPE Sep</b>	<b>FPE Sep</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>16,680</b>	<b>(5,493)</b>	<b>2,324</b>	<b>(3,227)</b>	<b>19,565</b>
Effects of foreign exchange translation	(1,084)	(27)	44	(183)	79
Cash and cash equivalents at beginning of the financial year/period	4,580	20,176	14,656	14,656	17,024
<b>Cash and cash equivalents at end of the financial year/period</b>	<b>20,176</b>	<b>14,656</b>	<b>17,024</b>	<b>11,246</b>	<b>36,668</b>
<b>Cash and cash equivalents consist of:</b>					
Fixed deposits with licensed banks	2,711	6,179	6,240	6,240	7,304
Cash and bank balances	20,176	14,656	17,024	11,246	36,668
	22,887	20,835	23,264	17,486	43,972
Less: Fixed deposit pledged to a licensed bank	(2,711)	(2,436)	(2,436)	(2,436)	(4,235)
Less: Fixed deposits restricted for use <sup>(1)</sup>	-	(3,743)	(3,804)	(3,804)	(3,069)
	<b>20,176</b>	<b>14,656</b>	<b>17,024</b>	<b>11,246</b>	<b>36,668</b>

Note:

- (1) Restricted for use fixed deposits cannot be used by our Group as they have been pledged to the bank as security for the bank borrowings which we have obtained.

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**11. FINANCIAL INFORMATION (Cont'd)**


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**11.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis of our Group's financial performance and results of operations should be read in conjunction with the Accountants' Report as set out in Section 12 and the Reporting Accountant's letter on the Pro Forma Consolidated Statements of Financial Position as set out in Section 13. Our audited consolidated financial statements have been prepared in accordance with MFRS and IFRS for the FYEs 2020 to 2022 and FPE Sep 2023.

There were no exceptional or extraordinary items during the FYEs 2020 to 2022 and FPE Sep 2023. Our audited consolidated financial statements for the FYEs 2020 to 2022 and FPE Sep 2023 were not subject to any audit qualifications.

**11.2.1 Overview of our operations**

Our revenue is recognised on a monthly basis, based on the invoiced value of services over time when the services are rendered to our customers, based on the duration and rates as formalised between us and our customers via charter party contracts and/or other similar documents such as work orders or service orders.

For the FYEs 2020 to 2022 and FPE Sep 2023, revenue from the charter of vessels constituted between 78.4% and 85.4% of our Group's total revenue, with the balance from catering and laundry service revenue and other revenue.

Please refer to Section 6 for our Group's detailed business overview.

**11.2.2 Significant factors affecting our business and results of operations**

Our financial condition and results have been and are expected to be affected by, amongst others, the following factors:

**(i) Demand for our vessels**

Our financial results are dependent on the demand for our vessels. We charter our own and third party vessels to support the offshore oil and gas industry. Our business model allows us to secure more chartering contracts which are not limited to the number of vessels which we own. This allows us to scale up/down our operations and prioritise the chartering of our own vessels during periods when demand from the upstream oil and gas industry is low.

Historically, the level of offshore exploration and production activity has been closely related to global oil and gas prices, resulting the oil and gas industry being highly cyclical in nature. Increasing levels of exploration, development and production activities have a direct influence on the demand for vessels as more vessels are required to support offshore oilfields during periods of high demand.

Due to the nature of the vessel industry segment which we operate in, we are less susceptible to such cyclical nature as compared to other oil and gas service providers that serve only specific offshore oilfield stages. We had, in the past, witnessed financial growth despite a fall in oil prices that resulted in a slowdown in exploration and production activities. Despite this slowdown, offshore oilfield activities were still carried out to maintain and operate offshore oil/gas platforms that were in production as well as decommissioning of offshore oil/gas platforms.



**11. FINANCIAL INFORMATION (Cont'd)**

Due to the adverse weather conditions in the South-China Sea during the period between December and March each year, we generally record lower revenue during this period as there are lesser chartering activities. During this time, our vessels might not be chartered out, or might be chartered out at lower DCR compared to other months. Furthermore, during periods which our vessels are not chartered out, we have to incur costs such as safe-manning crew payroll, consumables and berthing costs, among others. To mitigate this, we usually plan our scheduled vessel maintenance during this time, where permissible.

**(ii) Size, age, specifications and composition of our fleet**

The size, age, specifications and composition of our own and the third party vessels that we charter are determining factors for us to secure Chartering Contracts. Generally, a larger and younger fleet with better specifications enables us to enter into more Chartering Contracts, thereby increasing our revenue.

Market demand, utilisation rate, charter rates and operating expenses may vary for vessels of different sizes and types, ages and specifications. Generally, demand and DCRs for newer vessels and vessels with higher specifications tend to be higher than older vessels or vessels with lower specifications. Newer vessels also generally have lower maintenance costs as they are less prone to breakdowns and hence, less prone to loss of chartered days. Further, newer vessels tend to better comply with customers' and regulatory requirements.

In addition, DCRs for DP1 or DP2 equipped vessels, larger accommodation capacity vessels tend to be greater than 4-point mooring and smaller vessels. The specifications of our Group's own fleet and our ability in securing third party vessels for charter enable us to participate in the upstream oil and gas industry and compete for a bigger market share in our business segment.

**(iii) Utilisation rates and duration of our charters**

Utilisation rate is the aggregate number of actual chartered days per year divided by the available number of chartered days in that year. Our utilisation rates are set out in Section 6.7.5.

The number of chartered days for both our and third party vessels are largely dependent upon the supply and demand for our services. Further, time required for repairs and maintenance or dry docking may also affect the utilisation rates.

Our financial results also depend on our ability to secure chartering contracts on a timely basis. The charter period for our vessels typically range between 1 and 8 months in line with the nature of the AWB chartering industry. Some of these contracts contain options, exercisable at the customers' discretion, to extend the charter term for a specified length of time. Should the customer(s) choose to exercise such option, they will send a notice to us, which we can choose to accept or turn down. In planning for the chartering of our vessels, we do not take into account the extension period as it is at the customer's discretion. In the event that the particular vessel has been committed for other Chartering Contracts, we will turn down the existing customer's option to extend.

For the FYEs and FPE Sep Under Review and up to the LPD, our Chartering Contracts have been extended for periods which range from 1 week to 8 months.

**11. FINANCIAL INFORMATION (Cont'd)****(iv) Costs and time required to dry dock own vessels**

We are typically required to dry dock each of our own vessels and vessels which we charter on a bareboat basis, once every five years. We also have to perform routine preventive maintenance such as annual survey every year (at the approximate cost of RM0.1 million to RM0.2 million for each annual survey) and intermediate survey every 2.5 years (at the approximate cost of RM0.2 million to RM0.4 million for each intermediate survey), which take approximately 15 days each time. The duration of the dry docking exercise is estimated to take approximately 30 to 45 days to complete, depending on the availability of the shipyard and required spare parts as well as complexity of the works to be done, among others. To mitigate potential loss of revenue from lost charter days, we endeavour to schedule the dry docking and scheduled maintenance of our vessels during off-hire times and if required, we try to substitute the vessel that is out of service with one of our own or other third party vessels if a suitable one is available.

We have incurred dry docking or refurbishment expenditure for LS1 and Falcon both in FYE 2022, which amounted to RM3.5 million. Meanwhile, the dry docking for Commander was recently carried out in FYE 2023, which amounted to RM1.9 million.

The next dry docking exercises for our own vessels are scheduled to be carried out within the following time-frames:

<b>Vessel</b>	<b>Time-frame for next scheduled dry docking</b>
LS1	December 2026
LS2	July 2025
Falcon	May 2027
Grace	July 2024
Compassion	September 2024
Commander	February 2028
Kindness	October 2026
Lestari	November 2024
Blooming Wisdom	May 2025
Helms 1	August 2026
IMS Aman	October 2024

**11. FINANCIAL INFORMATION (Cont'd)**

We estimate that the dry docking and the Condition Assessment Programme ("CAP") costs which are to be carried out within 18 months from the LPD, for our own vessels are as follows:

<b>Vessel</b>	<b>Estimated dry docking costs (RM'mil)</b>
LS2	2.5
Grace	3.0
Compassion	3.5
Lestari	2.3
Blooming Wisdom	3.0
IMS Aman	<sup>(1)</sup> 6.5
<b>Total</b>	<b>20.8</b>

Note:

- (1) This amount refers to the refurbishment costs for IMS Aman which includes the DP2 system rectification, dry docking costs and the CAP costs as it will reach 15 years of age in October 2024. Please refer to Section 6.11(vii) for further information on IMS Aman's CAP.

The above costs have been taken into consideration in arriving at our Board's view that our Group will have sufficient working capital for the next 12 months.

Under the terms of our bareboat charter agreements with the owner of Daya Indah Satu and Daya Ceria, we are required to carry out the dry docking exercise at our cost as we are responsible for the entire operations of the vessel including repair and maintenance, which is in line with the industry norm whereby the bareboat charterer bears such dry docking costs. However, such dry docking is only scheduled to be carried out in May 2025 and May 2026 respectively, which is after the end of the bareboat charter periods (including optional extension) and therefore, we will not be incurring any such costs during the period that these two vessels are being chartered by us. Should we enter into any bareboat charter agreements for Daya Indah Satu or Daya Ceria beyond the current agreements or any other bareboat charter agreement for other third party vessels, we will also have to bear such costs if the dry docking schedule falls within the period in which we bareboat charter the said vessel. We will take such dry docking costs and schedule which we potentially have to bear into consideration, prior to entering into such bareboat charter agreements, to ensure that it is in the best interests of our Group.

Dry docking costs for other third party vessels which we time charter are at the cost of their respective owners.

The accounting treatment for refurbishment and dry docking expenditure is as follows:

- (a) Refurbishment expenditure which increases or maintains the value of the vessel, and which are capital in nature – these are to be capitalised as part of the vessel's fixed asset costs and to be depreciated over the estimated remaining useful life of the vessel.
- (b) Dry docking expenditure represents major inspection and overhaul costs and is depreciated to reflect the consumption of benefits, which are to be replaced or restored by the subsequent dry docking, generally every five years.

**11. FINANCIAL INFORMATION (Cont'd)****(v) Daily chartering, catering and other rates for our services**

Details of the components of our revenue are disclosed in Section 11.2.3.1. The daily chartering, catering and other rates which we charge our customers for our services have a direct correlation to the results of our operations.

Chartering revenue comprise a one-off mobilisation/demobilisation fee for situating the vessel to and from the on/off-hire port, and DCRs at a specified rate multiplied by the number of days which the vessels are under charter.

Catering revenue comprise catering and laundry services at a specified rate provided to our customers over the duration of the charter of the vessel, multiplied by the number of days which the vessels are under charter and the number of passengers served during this period.

We also derive revenue in respect of services related to the vessels such as VSAT internet connectivity, BMS / TMS, anchor pattern drawing/mooring analysis and rental of life-saving equipment such as life jackets and life rafts. These are additional services which we offer to our customers at extra charges.

The rates at which we charge to our customers are pre-determined between our Group and our customers on a tendered or negotiated basis before the commencement of each charter. They vary on a charter-by-charter basis and are determined by market conditions, the type and specifications of vessels, services required and the length of contract period, including factors as set out in Sections 11.2.2(i) and (ii) above. Catering rates are also dependent on the estimated number of passengers to be served on each charter and whether there is any minimum charge, while VSAT rates are also dependent on the bandwidth required.

In general, larger and higher specification vessels will command higher DCRs than smaller and lower specification vessels and short-term charters will have higher DCRs than long-term charters.

Our Chartering Contracts with our customers are typically short-term in nature of between 1 to 8 months. Long-term charters, which contribute to higher utilisation rates, provide us with better earnings visibility and cash flow stability while short-term charters provide us with the opportunity to benefit from increasing DCRs under favourable market conditions but expose us to the risk of lower utilisation rates.

**(vi) Availability of third party vessels and their DCR**

Other than our own vessels, we also provide time-charter services using third party vessels, whereby we earn the difference between the DCRs charged by the vessel owners and the DCRs charged to our customers. In the event where the third party vessel owners charter their vessels at higher charter rates to us, the DCRs to our customers are adjusted accordingly by a similar quantum such that our Group still earns gross profit from the DCR. This model allows us to take on more chartering contracts than the number of vessels which we own. Overall, the GP margin earned on third party vessels is lower than that for our own vessels due to the following:

- (a) In respect of our own vessels, we are the ship owner and have already incurred significant capital expenditure to acquire the vessel. As such, there is a higher degree of financial commitment which has already been made; and

**11. FINANCIAL INFORMATION (Cont'd)**

- (b) In respect of third party vessels (other than bareboat chartered vessels), we did not incur any capital expenditure to acquire the vessel, but only charter these as and when we have secured a Chartering Contract. Due to such cost structure, we adopt a pricing strategy whereby we are able to scale up/down our operations by earning a lower GP margin for third party vessels; and
- (c) In respect of third party vessels which we bareboat charter, the GP Margin earned is lower than the GP margin for own vessels as the right-of-use asset is depreciated over the period of the bareboat charter, while for our own vessels, the cost of the vessel is depreciated over its remaining useful life. In the case of Daya Indah Satu and Daya Ceria, the period of the bareboat charters is for one year each, with an extension option of another year, while our own vessels are depreciated over their remaining useful lives of between 11 years and 25 years from the month in which they were acquired.

Depending on our arrangement with the third party vessel owners, we may undertake catering services to provide food and beverages to the passengers at a rate which is chargeable on our customers. Where we undertake the catering service, we provide the catering service to the charterer by utilising our own catering crew and procure our own food and beverage provisions. Where we do not undertake the catering, the third party vessel owner or an external catering service provider provides such catering service and we typically earn a mark-up on top of the catering charges imposed by the third party vessel owner or external catering service provider. The GP margin for catering contracts that we undertake are higher than those not undertaken by us.

**(vii) Fluctuations in prices of food and beverage provisions and marine consumables, including marine gas oil**

We provide catering services to our customers' passengers on board and therefore, incur costs on food and beverage provisions required for such catering services. Due to inflationary pressures, the prices of such items have increased and we expect this trend to continue. We mitigate this by having better cost control over our purchasing as well as having a higher scale of catering operations. We are able to negotiate better pricing with our suppliers in view of the higher volume of food and beverage provisions which we purchased. Where possible, we pass such costs increases to our customers by increasing our catering rates.

During the period when our own vessels and vessels which we charter on a bareboat basis are off-hire, the cost of marine consumables such as marine gas oil and lubes required are at our Group's expense. During the off-hire period, the marine gas oil is used as the energy source to power our vessels' generators to generate electricity as we will still have crew on-board. The price of marine gas oil fluctuates based on world crude oil prices. We mitigate this by taking cost control measures to reduce our marine gas oil consumption, such as shutting down our vessels during extended period of off-hire.

The table below shows the average off-hire period for our own vessels and bareboat chartered vessels, and the total off-hire costs incurred by our Group:

	<b><sup>(1)</sup>Average off-hire period per vessel (days)</b>	<b><sup>(2)</sup>Total off-hire costs (RM'million)</b>
FYE 2020	95	1.0
FYE 2021	127	5.2
FYE 2022	111	10.6
FPE Sep 2022	65	8.5
FPE Sep 2023	37	5.7

**11. FINANCIAL INFORMATION (Cont'd)**

Notes:

(1)

$$\text{Average off-hire period (days)} = \frac{\text{Total available charter days per year} - \text{Number of chartered days}}{\text{Number of own and bareboat chartered vessels}}$$

(2)

These costs have been included as part of our cost of sales for the respective FYEs and FPE Sep Under Review, under the categories of 'own crew costs' and 'vessel operation and maintenance cost'. The total off-hire costs increased from FYE 2020 to FYE 2022 in tandem with the increase in number of own vessels and bareboat chartered vessels. Meanwhile, the total off-hire costs in FPE Sep 2023 was lower than FPE Sep 2022 due to the lower average off-hire period per vessel.

Such daily operational costs have a direct impact on our financial results, especially since the vessels do not generate any income during such off-hire period. For FYE 2020, FYE 2021, FYE 2022, FPE Sep 2022 and FPE Sep 2023, total off-hire cost constituted 5.7%, 20.8%, 16.3% and 17.4% and 5.0% of our Group's PBT respectively, and is therefore material to our Group's financial results.

On the other hand, during the time in which these vessels are on-hired, the consumption cost of marine gas oil and lubes are directly borne by our customers, i.e. they purchase the marine gas oil themselves and therefore does not increase our expenses. Such costs are not included in our DCR.

**(viii) Our borrowings/funding and finance costs**

Due to the nature of the industry and our business which requires significant capital expenditures, we require a significant amount of borrowings and funding, including redeemable preference shares which carry fixed cumulative dividend rates. Please refer to Section 6.4.1 for the analysis of our material capital investments during the FYEs and FPE Sep Under Review and up to the LPD.

A portion of our current outstanding borrowings/funding has a floating interest rate and therefore, our finance costs have been and will continue to be affected by interest/profit rates fluctuations. Please refer to Sections 11.4 and 11.7.5 below for an analysis of the finance costs for our borrowings and our gearing ratio for the FYEs and FPE Sep Under Review, respectively.

Changes in economic conditions, cost of funding for our financiers, monetary and fiscal policies as determined by the Malaysian government and BNM and other factors could result in higher interest rates, thereby increasing our finance costs and reducing our profitability and funds available for operations or other purposes.

We plan to utilise 87.5% of the proceeds from the Public Issue to repay part of our borrowings which include the redemption of Keyfield CRNCPS, repayment of bank borrowings and settlement of balance purchase consideration for Blooming Wisdom and Helms 1, all of which are considered as borrowings as our Group incurs interests and/or finance charges on them. Please refer to Section 4.10 for further information on the utilisation of proceeds from the Public Issue.

**11. FINANCIAL INFORMATION (Cont'd)****(ix) External factors which may affect our Chartering Contracts**

Our Group may be subject to external factors that are beyond our control (such as renewal of our material licenses, weather and sea conditions, occurrence of terrorism acts, war, riots, epidemics (including but not limited to the COVID-19 pandemic) and natural disasters), and these may affect our Chartering Contracts.

Please refer to Sections 6.7.4 and 8.1.5 for details on the impact of COVID-19 on our operations and the measures we have implemented in order to continue our business operations. Save for the impact from COVID-19, there were no external factors which affected our Group's Chartering Contracts during the FYEs and FPE Sep Under Review.

**(x) Delay in collections or non-recoverability of trade and other receivables**

In providing our services, we give credit terms to some of our customers to pay the invoices issued by us, while we require some customers to pay us a deposit in advance. In general, our credit terms can be categorised as follows:

- (a) Invoices with fixed credit terms, ranging from 30 to 120 days. Such terms apply to PCSB, PACs, oil and gas contractors and offshore support vessel owners; and
- (b) Invoices without fixed credit terms, whereby our customers will pay us on a back-to-back basis as and when they receive payments from their customers. Such terms apply to certain oil and gas contractors and offshore support vessel owners. We have in place a credit policy whereby we will only grant such back-to-back payment terms to customers which satisfy our internal criteria such as the length of relationship, its financial strength and the profile of the end customer (i.e. PCSB or PACs).

Generally, the risk of delay in collections or non-recoverability of trade receivables is higher for oil and gas contractors and offshore support vessel owners, as compared with PCSB/PACs. Due to the credit terms given to our customers, we are exposed to risk of delays in collection or non-recoverability of trade receivables. This may result in a material adverse impact on our financial results and operating cash flows.

During the FYEs 2020 to 2022, our Group had recorded the following occurrences of material non-recoverability of trade and other receivables:

- (a) In FYE 2021, we made an allowance for impairment amounting to RM0.5 million which was the amount of the advances which could not be recovered as a result of a third party vessel disponent owner and supplier whom we had chartered third party vessels from, Zafran Engineering Services Sdn Bhd ("ZESSB"), being wound up. We had earlier made advances to ZESSB amounting to RM6.8 million and RM1.2 million in FYE 2019 and FYE 2020 respectively.

These advances relate to payments made by the Group to ZESSB and payments on behalf of ZESSB due to their urgent need, which included the following:

- (i) Crew salaries and crew related payments such as travelling, claims, etc; and

**11. FINANCIAL INFORMATION (Cont'd)**

- (ii) Repair costs to ensure that the AWB is in good working and sea-going condition.

Such advances, which were not an industry norm, were not subject to any credit term as we would offset the amount of advances against the invoiced value of chartering, catering and other services provided by ZESSB to our Group. The amount of RM0.5 million represented the amount of advances which could not be offset against any services provided by ZESSB to our Group. Our Group could not recover this amount as ZESSB was liquidated in December 2020. Since the beginning of FYE 2021, we do not have any business relationship with ZESSB.

Further, our Group no longer provides any advances to any third party vessel owner since 31 December 2021. We shall not provide any advance to any suppliers unless we have already been awarded with a letter of award by our customer to charter the said third party vessel, and such advance is to facilitate the preparatory work and operational requirements of the said AWB and where the third party vessel will be/is chartered by Keyfield Group, it is a contractual term whereby an advance payment or deposit payment is required;

- (b) In FYE 2021, we made an allowance for impairment from a customer, Shapadu Energy Services Sdn Bhd, amounting to RM0.8 million, as such amount has been overdue for more than 1 year. Correspondingly, we have also received credit notes from the third party vessel owner supplier for which the amount due to the customer relates to, as the payment to this third party vessel owner is on back-to-back basis. As such, the net impact of such allowance for impairment loss to our profit before tax is RM0.3 million. We had previously provided a 15-day credit term to Shapadu Energy Services Sdn Bhd in FYE 2020. Since beginning of FYE 2021, we do not have any business relationship with this customer; and
- (c) In FYE 2021 and FYE 2022, we made allowances for impairment from a customer, Sapura Pinewell Sdn Bhd ("Sapura Pinewell"), as follows:

<b>FYE</b>	<b>Allowance for impairment (RM million)</b>
2021	4.3
2022	4.3
	<b>8.6</b>

The amount of RM8.6 million, which arose in FYE 2021, represents 100% of the trade receivables owing by Sapura Pinewell to us. Save for this amount, our Group does not have any other receivables owing by any member of the Sapura Energy Berhad ("Sapura Energy") group of companies ("Sapura Group") as at the LPD. Our Group had previously provided a 30-day credit term to Sapura Pinewell in FYE 2021.

Sapura Energy is a company listed on the Main Market of Bursa Securities and is classified as an affected listed issuer under PN17 of the Listing Requirements. In view of the long outstanding debt, the financial condition of Sapura Group and various winding-up petitions served on of Sapura Pinewell, we have made the above allowance for impairment loss.



**11. FINANCIAL INFORMATION (Cont'd)**

Currently, the Sapura Group is undergoing a proof of debt exercise whereby its creditors are to submit various documents to support the outstanding debts due from them. Our Group has already submitted all such documents and Sapura Group has acknowledged the proof of debt due to us, and we currently are awaiting the next course of action to be taken by Sapura Group in addressing the amount due to us.

In the event that we are able to recover any amount out of the debt due from Sapura Pinewell, we will write back the allowance for impairment losses which has been made in FYE 2021 and FYE 2022, in the financial year(s) in which we recover such amounts.

To manage the risk of further non-recoverability of trade receivables from the Sapura Group, we have, since first quarter of 2022, imposed strict credit terms on this group of companies when we respond to their request for quotations, whereby we will only provide our services to them after they have paid us in advance for such services.

Since the end of FYE 2021, we do not have any business relationship with Sapura Pinewell. In the first quarter of FYE 2022, we had chartered one of our own vessels to Sapura Offshore Sdn Bhd, another member of the Sapura Group, where we only provided our chartering, catering and other services to this customer after they have paid us in advance for such services. Sapura Offshore Sdn Bhd has paid us in full.

Save as disclosed above, there were no other occurrences of material non-recoverability of trade and other receivables in the FYEs and FPE Sep Under Review.

Steps undertaken by our Group to address the outstanding trade and other receivables include the following:

- (a) Send reminder or follow-up emails to customers;
- (b) Obtain explanations for customers regarding reasons for delay;
- (c) If still unpaid, we will follow up with a demand letter; and
- (d) After expiry of demand letter period, we will initiate legal proceedings, either through arbitration or suing for unpaid debts.

The allowances for impairment losses which the Group made in FYE 2021 and FYE 2022 arose due to financial difficulties faced by these customers, and not due to any dispute. RM8.6 million or 86% of the total allowance of impairment losses made was in respect of Sapura Pinewell, a subsidiary of Sapura Energy, which has been classified as an affected listed issuer under PN17 of the Listing Requirements, and which had been granted a restraining order under Section 368(1) of the Companies Act 2016 to stay all legal proceedings and/or further legal proceedings and/or intended and/or future legal proceedings ("Restraining Order"). In view of the Restraining Order, our Group could not commence any legal proceedings to recover the amount due from Sapura Pinewell.

As disclosed in Section 11.2.2(x)(c), Sapura Group has acknowledged the proof of debt due to us, and we currently are awaiting the next course of action to be taken by Sapura Group in addressing the amount due to us. In the event that we are able to recover any amount out of the debt due from Sapura Pinewell, we will write back the allowance for impairment losses.

**11. FINANCIAL INFORMATION (Cont'd)**

Since the end of FPE Sep 2023 and up to the LPD, our Group has not encountered any instance of non-recoverability of any receivables.

**(xi) Impact of foreign exchange**

Currently, our business operations are mainly concentrated in Malaysia and therefore our transactions are mainly denominated in RM whilst our purchase of vessels, purchase of consumables as well as spare parts and equipment from overseas are generally denominated in USD. In FYE 2021, we have expanded our operations to outside Malaysia and therefore recorded revenue in FYE 2021, FYE 2022 and FPE Sep 2023 from one customer denominated in USD, amounting to 6.6%, 1.7% and 0.2% of our total revenue in the respective years/period. Since the end of FPE Sep 2023 and up to the LPD, we recorded revenue denominated in USD amounting to RM5.7 million. We have also bid for other overseas projects for which the revenue is denominated in USD.

Kindly refer to Section 11.10.1 below for detailed explanation on the gain or loss on foreign exchange.

Any material movement of the USD against RM, which is our Group's financial reporting currency will have an impact on our financial results.

**11.2.3 Results of operations****11.2.3.1 Revenue**

We derive our revenue from the charter of our own and third party vessels and provision of various onboard amenities and services to our customers. Such services include catering service, laundry service, VSAT internet service and other services in relation to the charter.

We recognise our revenue over time in the period which the services are rendered to the customers. Our revenue mainly comprises the following:

- (i) Chartering revenue from our own and third party vessels, based on the contracted DCR multiplied by the number of days during which these vessels operate. The DCR is for the usage of the vessels as an accommodation, utility and/or maintenance vessel, including services such as its operation and maintenance, housekeeping and medical services. There are no additional charges for housekeeping and medical services as these are already included in the DCR. Other components of chartering revenue are mobilisation fee and demobilisation fee for situating the vessel to and from the on/off-hire port. The DCR does not include catering, laundry or other services which is separately charged under (ii) and (iii) below to our customers;
- (ii) Catering and laundry service revenue from our own and other third party vessels. Catering income is recognised upon the rendering of catering services such as provision of food and beverages and laundry services to customers over the duration of the charter hire period. Catering and laundry service revenue is dependent on the number of passengers on board the vessels, which may subject to a minimum charge and the number of days which the vessel is on-hired; and
- (iii) Other service income arising from services related to the vessels such as VSAT internet charges, BMS / TMS, rental of project equipment such as lifejackets, gangway accessories, air tugger and others.

**11. FINANCIAL INFORMATION (Cont'd)**

Our revenue co-relates with the number of chartered days of our own and third party vessels. Please refer to the table below for the detailed number of chartered days of our vessels and the third party vessels:

<b>Charter information</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE Sep 2022</b>	<b>FPE Sep 2023</b>
<b>Number of chartered days</b>	<b>Days</b>	<b>Days</b>	<b>Days</b>	<b>Days</b>	<b>Days</b>
Own vessels	255	534	1,488	1,041	1,959
Third party vessels	721	1,082	1,141	810	1,232
<b>Total</b>	<b>976</b>	<b>1,616</b>	<b>2,629</b>	<b>1,851</b>	<b>3,191</b>
<b>Number of chartered days as % of total</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Own vessels	26.1	33.0	56.6	56.2	61.4
Third party vessels	73.9	67.0	43.4	43.8	38.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Average off-hire period per vessel (days) for our own vessels and bareboat chartered vessels</b>	95	127	111	65	37
<b>Utilisation rate – Own vessels (%)</b>	72.9	58.3	65.7	62.4	82.0
<b>Number of vessels</b>	<b>Units</b>	<b>Units</b>	<b>Units</b>	<b>Units</b>	<b>Units</b>
Own vessels <sup>(1)</sup>	1	4	7	7	10
Third party vessels <sup>(2)</sup>	5	10	8	7	9
<b>Average DCR<sup>(3)</sup></b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Own vessels	68.7	75.4	80.0	79.8	83.1
Third party vessels	64.8	65.0	61.7	63.7	65.6

Notes:

(1) In FYE 2020, we only have one own vessel which is LS1.

In FYE 2021, we acquired LS2, Falcon and Kindness. LS2 and Falcon commenced operations in FYE 2021 while Kindness commenced operations in FYE 2022.

In FYE 2022, we acquired Commander, Compassion and Grace, all of which commenced operations in FYE 2022.

In FPE Sep 2023, we acquired Helms 1, Blooming Wisdom and Lestari, all of which commenced operations in FPE Sep 2023.

(2) The full list of third party vessels which were chartered by us is detailed in Section 6.6.4. Out of these third party vessels, our Group has since acquired Commander, Compassion and Grace in FYE 2022 and Helms 1, Blooming Wisdom and Lestari in FPE Sep 2023. We also acquired IMS Aman in January 2024.

(3) Calculated based on revenue from chartering divided by number of chartered days.

**11. FINANCIAL INFORMATION (Cont'd)**

The number of chartered days for our own vessels have increased at a higher rate as compared to the number of chartered days for third party vessels, as we prioritise the chartering of our own vessels since the fleet expansion of our own vessels. This has resulted in the increase in the proportion of revenue earned from own vessels, as a percentage of total revenue, from FYE 2020 to FYE 2022 and FPE Sep 2023.

The increase in average DCR for our own vessels from FYE 2020 to FYE 2022 and FPE Sep 2023 was mainly due to a higher proportion of DCR and chartered days being contributed DP2 equipped vessels. The proportion of chartered days being contributed by DP2 equipped own vessels for FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023 was 0%, 28%, 57% and 45% respectively. DP2 equipped vessels generate higher DCR as compared to similarly-specified 4-point mooring vessels due to their ability to be deployed in harsher weather environments, congested seabeds and deeper waters, which 4-point mooring vessels cannot as mooring/anchoring is not feasible in such conditions.

In FPE Sep 2023, our own vessels fetched a higher average DCR of RM83,100 as compared to FPE Sep 2022 of RM79,800 due to improved market conditions for our vessel chartering business. We had bid for Chartering Contracts at higher DCR and these were accepted by our customers. We had submitted higher bids based on our internal assessment of the AWB chartering market, such as the availability of similar vessels in the market and prevailing market rates.

Meanwhile, the decrease in the average DCR for third party vessels in FYE 2022 from FYE 2021 was mainly due to a larger proportion of DCR and chartered days being contributed by third party AHTS and PSV being chartered by us, which has a lower DCR compared to AWBs. The proportion of chartered days being contributed by third party vessels which were AHTS or PSV for FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023 was 8%, 13%, 39% and 35% respectively. The AHTS and PSV which we chartered have a lower DCR compared to AWBs due to their smaller size in terms of length and weight and lower accommodation capacity.

In FPE Sep 2023, third party vessels fetched a higher average DCR of RM83,100 as compared to FPE Sep 2022 of RM79,800 due to improved market conditions for our vessel chartering business as explained above.

**(i) Revenue by category of vessels and activities**

	<b>Audited</b>					
	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<b>Own vessels</b>						
Chartering	17,514	23.3	40,287	28.8	119,062	50.4
Catering	1,309	1.7	7,547	5.4	19,614	8.3
Others <sup>(1)</sup>	544	0.7	3,261	2.3	11,871	5.0
<b>Subtotal</b>	<b>19,367</b>	<b>25.7</b>	<b>51,095</b>	<b>36.5</b>	<b>150,547</b>	<b>63.7</b>
<b>Third party vessels</b>						
Chartering	46,734	62.1	70,338	50.4	70,441	29.8
Catering	7,222	9.6	12,253	8.8	10,424	4.4
Others <sup>(1)</sup>	1,908	2.6	6,070	4.3	4,792	2.1
<b>Subtotal</b>	<b>55,864</b>	<b>74.3</b>	<b>88,661</b>	<b>63.5</b>	<b>85,657</b>	<b>36.3</b>
<b>Total</b>	<b>75,231</b>	<b>100.0</b>	<b>139,756</b>	<b>100.0</b>	<b>236,204</b>	<b>100.0</b>

**11. FINANCIAL INFORMATION (Cont'd)**

	Unaudited		Audited	
	FPE Sep 2022		FPE Sep 2023	
	RM'000	%	RM'000	%
<b>Own vessels</b>				
Chartering	83,034	49.3	162,770	52.4
Catering	14,078	8.3	34,730	11.2
Others <sup>(1)</sup>	8,547	5.1	12,237	3.9
Subtotal	<b>105,659</b>	<b>62.7</b>	<b>209,737</b>	<b>67.5</b>
<b>Third party vessels</b>				
Chartering	51,616	30.6	80,827	26.0
Catering	8,399	5.0	13,481	4.3
Others <sup>(1)</sup>	2,927	1.7	6,873	2.2
Subtotal	<b>62,942</b>	<b>37.3</b>	<b>101,181</b>	<b>32.5</b>
<b>Total</b>	<b>168,601</b>	<b>100.0</b>	<b>310,918</b>	<b>100.0</b>

Note:

- (1) Others refer to revenue from VSAT internet charges, BMS / TMS, rental of project equipment such as lifejackets, gangway accessories, air tugger and others.

**(ii) Commentary on revenue**

All of our Group's revenue was derived from Malaysia throughout the FYEs and FPE Sep Under Review, except for FYE 2021 and FYE 2022 where 6.6% and 1.7% of our revenue respectively was derived from a Chartering Contract which was carried out in the Philippines and for FPE Sep 2023 where 0.2% of our revenue respectively was derived from a Chartering Contract which was carried out in the Thailand.

**(a) Comparison between FYE 2020 and FYE 2021**Own vessels – LS1, LS2 and Falcon

In FYE 2020, we only have 1 own vessel, LS1, while in FYE 2021, we have 3 own vessels in operation, LS1, LS2 and Falcon. Revenue contributed by own vessels increased by RM31.7 million or 163.4% from RM19.4 million in FYE 2020 to RM51.1 million in FYE 2021. The increase was due to the following factors:

- (aa) In FYE 2021, the total number of 534 chartered days were contributed by LS1 (202 days), LS2 (180 days) and Falcon (152 days) as compared to FYE 2020 which was only contributed by LS1 (255 days). LS2 commenced operations in May 2021 while Falcon commenced operations in March 2021;
- (bb) In FYE 2021, higher average DCR for Falcon, being a DP2 vessel, also contributed to the increased revenue, as DP2 vessels typically command higher DCR compared to 4-point mooring vessels;

**11. FINANCIAL INFORMATION (Cont'd)**

- (cc) LS1 and LS2's average DCR in FYE 2021 is higher than LS1's average DCR for FYE 2020. We had bid for LS1 and LS2's Chartering Contracts at a higher DCR in FYE 2021 and these were accepted by our customer. We had submitted a higher bid based on our internal assessment of the AWB chartering market, such as the availability of similar vessels in the market and prevailing market rates. As LS1 and LS2 are of similar specifications, their DCRs are comparable to each other; and
- (dd) Revenue from catering income increased in FYE 2021 as compared to FYE 2020 due to the higher number of passengers served in our own vessels, in tandem with the increase in number of chartering days.

Third party vessels

Revenue contributed by third party vessels increased by RM32.8 million or 58.7% from RM55.9 million in FYE 2020 to RM88.7 million in FYE 2021. This is due to higher number of chartered days in FYE 2021 (1,082 days) as compared to FYE 2020 (721 days) which led to higher chartering, catering and other revenue from third party vessels.

The higher number of chartered days in FYE 2021 was due to our Group's strategy whereby we reduced our overall GP margin for third party vessels to cater for higher number of chartered days. In addition, we commenced the bareboat charter of Grace, Compassion, Commander and Helms 1 in FYE 2021, prior to acquiring them in FYE 2022 and FYE 2023, which contributed to the number of third party vessel chartered days.

Meanwhile, average DCR for third party vessels were slightly higher\* than previous corresponding period due to improvement in offshore activities and higher demand for vessels in line with an increase in crude oil prices which led to customers being more receptive to accept Chartering Contracts at higher DCR.

## Note:

- \* Despite the increase in average DCR, we recorded a decrease in GP margin for the chartering revenue of third party vessels from 17.2% in FYE 2020 to 16.3% in FYE 2021 due to the increase in average DCR rates charged by third party owners to our Group, resulting in reduction in third party vessels' chartering GP Margin.

Revenue from catering income in FYE 2021 was higher compared to FYE 2020, as there were more passengers served for catering services mainly due to the higher number of chartered days for third party vessels, which also led to higher chartering revenue from third party vessels.

Major customers

Major customers during FYE 2021 include PCSB (RM39.2 million), Dayang Enterprise Group (RM20.3 million), Sapura Pinewell (RM17.7 million), Bumi Armada Navigation Sdn Bhd (RM11.8 million) and PTTEP Sarawak Oil Limited (RM9.3 million).

**11. FINANCIAL INFORMATION (Cont'd)****(b) Comparison between FYE 2021 and FYE 2022**Own vessels – LS1, LS2, Falcon, Kindness, Grace, Compassion and Commander

Revenue contributed by own vessels increased by RM99.4 million or 194.5% from RM51.1 million in FYE 2021 to RM150.5 million in FYE 2022. The increase was mainly due to the following:

(aa) In FYE 2022, the total number of 1,488 chartered days were contributed by LS1 (242 days), LS2 (220 days), Falcon (287 days), Grace (212 days), Compassion (312 days), Commander (42 days) and Kindness (173 days) as compared to FYE 2021 which was only contributed by LS1 (202 days), LS2 (180 days) and Falcon (152 days). The higher number of chartered days for our own vessels were in tandem with the rise in crude oil prices and PAC's capital expenditures as set out in Section 7.

Previously, Grace, Compassion and Commander are third party vessels until we acquired them in February 2022. Meanwhile, Kindness which was acquired by our Group in November 2021, commenced its charter in FYE 2022;

(bb) Average DCR in FYE 2022 which is higher than FYE 2021 for LS1, LS2 and Falcon and higher DCR for own vessels which are DP2-equipped vessels. We had bid for LS1, LS2 and Falcon's Chartering Contracts at a higher DCR in FYE 2022 and these were accepted by our customers. We had submitted a higher bid based on our internal assessment of the AWB chartering market, such as the availability of similar vessels in the market and prevailing market rates. LS1 and LS2 were chartered to the same customer in FYE 2021 and FYE 2022, while Falcon was chartered to different customers;

(cc) Revenue from catering income increased in FYE 2022 as compared to previous corresponding period due to higher number of passengers served, in line with the increase in number of chartered days for own vessels, as well as increased catering rates in FYE 2022; and

(dd) Revenue from others increased by RM8.6 million which was mainly contributed by revenue from VSAT which increase from RM2.5 million in FYE 2021 to RM6.6 million in FYE 2022. This was mainly due to higher number of total chartered days for own vessels and higher VSAT rates charged to our customers as a result of higher bandwidth requirements. VSAT internet charges are based on the bandwidth supplied and charged based on the number of days which the vessel is chartered and therefore these two factors correlate directly to the VSAT revenue earned. Our VSAT rates increased from between RM3,333 to RM6,000 per day in FYE 2021 to between RM5,000 to RM6,000 per day in FYE 2022.

In FYE 2022, we earned VSAT revenue from all of our customers who chartered our own AWBs, except for Kindness where our customers did not require such service.

**11. FINANCIAL INFORMATION (Cont'd)**Third party vessels

Revenue contributed by third party vessels decreased by RM3.0 million or 3.4% from RM88.7 million in FYE 2021 to RM85.7 million in FYE 2022. We recorded a higher number of chartered days in FYE 2022 (1,141 days) as compared to FYE 2021 (1,082 days) but a lower average DCR (which decreased from RM65,000 in FYE 2021 to RM61,700 in FYE 2022) for third party vessels in FYE 2022 as compared to FYE 2021, as the third party vessels chartered during FYE 2022 consist of a larger proportion of third party AHTS and PSV, which has a lower DCR as compared to AWBs.

Revenue from catering income in FYE 2022 was lower compared to FYE 2021, as there were lesser passengers served for catering services. Despite the increase in number of chartered days for third party vessels in FYE 2022 as compared to FYE 2021, there were lesser passengers served for catering services. This was due to a higher proportion of third party vessels with lower accommodation capacity, i.e AHTS and PSV.

Major customers

Major customers during FYE 2022 include PCSB (RM86.9 million), Malaysia Deepwater Production Contractors Sdn Bhd (RM30.8 million), Dayang Enterprise Group (RM26.8 million), Helms Geomarine Sdn Bhd (RM20.3 million) and Tanjung Offshore Services Sdn Bhd (RM13.3 million).

**(c) Comparison between FPE Sep 2022 and FPE Sep 2023**Own vessels – LS1, LS2, Falcon, Kindness, Grace, Compassion, Commander, Lestari, Blooming Wisdom and Helms 1

In FPE Sep 2023, our Group added another 3 vessels to our fleet, namely Lestari, Blooming Wisdom and Helms 1. Revenue contributed by own vessels increased by RM104.0 million or 98.4% from RM105.7 million in FPE Sep 2022 to RM209.7 million in FPE Sep 2023. The increase was due to the following factors:

- (aa) In FPE Sep 2022, the total number of 1,041 chartered days were contributed by 7 own vessels at that time, namely LS1, LS2, Falcon, Grace, Compassion, Commander and Kindness. Our Group acquired 3 additional own vessels in FPE Sep 2023, namely Lestari, Blooming Wisdom and Helms 1. All of our own vessels have commenced operations as at September 2023, which contributed to the 1,959 chartered days for FPE Sep 2023.

Further, the increase in the utilisation rate for our own vessels from 62.4% in FPE Sep 2022 to 82.0% in FPE Sep 2023 also contributed to the increase in revenue.

The higher utilisation rate for our own vessels were in line with the increase in the estimated number of offshore support vessels to be chartered in 2023 and capital investment allocation by PETRONAS for 2023 as set out in Section 7;



**11. FINANCIAL INFORMATION (Cont'd)**

- (bb) The increase in revenue in FPE Sep 2023 was also contributed by an increase in average DCRs achieved. In FPE Sep 2023, our own vessels fetched a higher average DCR of RM83,100 as compared to FPE Sep 2022 of RM79,800 due to improved market conditions for our vessel chartering business. We had bid for Chartering Contracts at higher DCR and these were accepted by our customers. We had submitted higher bids based on our internal assessment of the AWB chartering market, such as the availability of similar vessels in the market and prevailing market rates. LS1 and LS2 were chartered to the same customer in FPE Sep 2022 and FPE Sep 2023, while our other own vessels were chartered to different customers; and
- (cc) Revenue from catering income increased in FPE Sep 2023 as compared to FPE Sep 2022 due to the higher number of passengers served in our own vessels, in line with the increase in number of chartering days, as well as increase in catering rates in FPE Sep 2023.

Third party vessels

Revenue contributed by third party vessels increased by RM38.3 million or 60.9% from RM62.9 million in FPE Sep 2022 to RM101.2 million in FPE Sep 2023.

This was mainly contributed by increase in third party vessels chartering revenue by RM29.2 million, which arose due to the higher number of chartered days in FPE Sep 2023 (1,232 days) as compared to FPE Sep 2022 (810 days) and higher average DCR of RM83,100 achieved in FPE Sep 2023 as compared to FPE Sep 2022 of RM79,800 due to improved market conditions for our vessel chartering business as explained above. Meanwhile, third party catering revenue increased by RM5.1 million as there were more passengers served, in line with the increase in total number of chartered days, as well as increase in catering rates.

Major customers

Major customers during FPE Sep 2023 include PCSB\* (RM179.5 million), Petra Resources Sdn Bhd (RM23.9 million), Malaysia Deepwater Production Corporation Sdn Bhd (RM23.3 million), Helms Geomarine Sdn Bhd (RM13.3 million) and Perdana Nautika Sdn Bhd (RM9.8 million).

Note:

- \* In FPE Sep 2023, we had secured and undertaken 10 Chartering Contracts from PCSB, as compared to 5 Chartering Contracts in FYE 2022. The number of Chartering Contracts secured from any one of our customers, including PCSB, may differ from year to year and may not recur in subsequent financial years.

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## **11. FINANCIAL INFORMATION (Cont'd)**

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### **11.2.3.2 Cost of sales, GP and GP margin**

Our cost of sales can generally be categorised into the following:

#### Own vessels

- (i) Marine cost of sales which consist mainly of marine crew salary and crew-related costs (such as travelling and land accommodation for mobilisation and demobilisation), vessel operation and maintenance costs such as annual repairs and maintenance for own vessels including replacement and spare parts and consumable materials , rental of equipment required for the charter such as gangway and accessories, personal transfer basket and portable generators, berthing fees, commissions and project expenses;
- (ii) Non-cash depreciation charge and dry docking amortisation on our own vessels;
- (iii) Catering cost of sales which consist mainly of catering crew salary and food and beverage provisions costs; and
- (iv) Other cost of sales which consist of VSAT internet charges, costs related to BMS / TMS, rental of project equipment such as lifejackets, gangway accessories, air tugger and others.

#### Third party vessels

- (i) Vessel chartering costs charged by third party vessel owners, including their DCR and mobilisation/demobilisation costs, project expenses such as rental of equipment as required by the charterers, brokerage fee and commissions;
- (ii) Catering costs which are either:
  - (a) The catering fees charged by third party vessel owners where we do not undertake the catering service; or
  - (b) Catering crew salary and food and beverage provisions costs where we undertake the catering service; and
- (iii) Other cost of sales which consist of VSAT internet charges charged by the third party vessel owner.

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**11. FINANCIAL INFORMATION (Cont'd)****(i) Analysis of cost of sales by segment**

Our cost of sales by segment are as follows:

Cost of sales	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
<b>Own vessels<sup>(1)</sup></b>						
<i>Marine costs:</i>						
Vessel and vessel equipment depreciation	4,000	7.4	8,463	8.7	17,267	11.8
Own crew costs	2,458	4.5	7,476	7.7	25,662	17.5
Vessel operation and maintenance costs <sup>(2)</sup>	2,184	4.0	6,624	6.8	33,916	23.1
Subtotal	8,642	15.9	22,563	23.2	76,845	52.4
Catering costs	676	1.2	4,131	4.3	7,913	5.4
Others <sup>(3)</sup>	334	0.6	1,065	1.1	1,119	0.8
	<b>9,652</b>	<b>17.7</b>	<b>27,759</b>	<b>28.6</b>	<b>85,877</b>	<b>58.6</b>
<b>Third party vessels</b>						
<i>Chartering costs:</i>						
Third party chartering fee	37,311	68.7	41,954	43.2	37,429	25.5
Vessel operation and maintenance costs <sup>(2)</sup>	1,394	2.6	11,443	11.8	4,527	3.1
Own crew costs <sup>(4)</sup>	-	-	3,478	3.6	2,787	1.9
Right-of-use assets depreciation <sup>(5)</sup>	-	-	1,969	2.0	6,248	4.3
Subtotal	38,705	71.3	58,844	60.6	50,991	34.8
<i>Catering costs:</i>						
Fees charged by third party vessel owners <sup>(6)</sup>	3,455	6.4	5,012	5.2	3,199	2.2
Own catering costs <sup>(7)</sup>	1,146	2.1	2,482	2.5	3,286	2.2
Subtotal	4,601	8.5	7,494	7.7	6,485	4.4
Others <sup>(3)</sup>	1,377	2.5	3,073	3.1	3,279	2.2
	<b>44,683</b>	<b>82.3</b>	<b>69,411</b>	<b>71.4</b>	<b>60,755</b>	<b>41.4</b>
<b>Total</b>	<b>54,335</b>	<b>100.0</b>	<b>97,170</b>	<b>100.0</b>	<b>146,632</b>	<b>100.0</b>

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**11. FINANCIAL INFORMATION (Cont'd)**

<b>Cost of sales</b>	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE Sep 2022</b>		<b>FPE Sep 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<b>Own vessels<sup>(1)</sup></b>				
<i>Marine costs:</i>				
Vessel and vessel equipment depreciation	12,563	11.7	18,546	11.1
Own crew costs	17,563	16.4	24,486	14.6
Vessel operation and maintenance costs <sup>(2)</sup>	24,429	22.7	33,334	19.9
Subtotal	54,555	50.8	76,366	45.6
Catering costs	5,589	5.2	14,220	8.5
Others <sup>(3)</sup>	904	0.8	1,786	1.0
	<b>61,048</b>	<b>56.8</b>	<b>92,372</b>	<b>55.1</b>
<b>Third party vessels</b>				
<i>Chartering costs:</i>				
Third party chartering fee	29,328	27.3	47,782	28.5
Vessel operation and maintenance costs <sup>(2)</sup>	3,607	3.3	5,502	3.3
Own crew costs <sup>(4)</sup>	2,800	2.6	2,860	1.7
Right-of-use assets depreciation <sup>(5)</sup>	3,969	3.7	6,333	3.8
Subtotal	39,704	36.9	62,477	37.3
<i>Catering costs:</i>				
Fees charged by third party vessel owners <sup>(6)</sup>	2,301	2.1	6,524	3.9
Own catering costs <sup>(7)</sup>	2,503	2.3	2,661	1.6
Subtotal	4,804	4.4	9,185	5.5
Others <sup>(3)</sup>	2,003	1.9	3,497	2.1
	<b>46,511</b>	<b>43.2</b>	<b>75,159</b>	<b>44.9</b>
<b>Total</b>	<b>107,559</b>	<b>100.0</b>	<b>167,531</b>	<b>100.0</b>

## Notes:

- (1) For FYE 2020, we only have one own vessel which is LS1. Our Group's second and third vessels, LS2 and Falcon were both only available for charter from May 2021 and March 2021 onwards respectively, and therefore only contributed to the cost of sales in FYE 2021. Kindness was acquired in November 2021 but only available for charter in FYE 2022, and therefore only contributed to the cost of sales in FYE 2022. We acquired Commander, Compassion and Grace on 18 February 2022, which contributed to the cost of sales in FYE 2022. We acquired 3 additional own vessels, namely Lestari, Blooming Wisdom and Helms 1 in FPE Sep 2023.

**11. FINANCIAL INFORMATION (Cont'd)**

- (2) Vessel operation and maintenance costs include off-hire costs (such as marine gas oil and berthing fees), annual repairs and maintenance costs including replacement and spare parts as well as rental of equipment, berthing fees and project expenses which are required for our chartering projects. Own vessels' off-hire costs included herein amounted to RM0.4 million, RM2.3 million, RM3.8 million and RM5.7 million for FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023 respectively. Meanwhile, own vessels annual repair and maintenance amounted to RM1.8 million, RM4.1 million and RM22.2 million and RM13.0 million for FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023 respectively. For third party vessels, such costs comprise items which are directly borne by our Group, including for third party vessels which we bareboat charter.
- (3) Others refer to cost of sales from VSAT internet charges, costs related to BMS / TMS, rental of project equipment such as lifejackets, gangway accessories, air tugger and others.
- (4) We employ our own crew members to operate the third party vessels which we bareboat charter.
- (5) As the bareboat charters of Helms 1 and Daya Indah Satu are for periods exceeding 1 year each, these are accounted for as right-of-use assets under MFRS 16 and depreciated over such bareboat charter period.
- (6) Where Keyfield Offshore does not undertake the catering services for third party vessels. None of our other subsidiaries undertake any catering services.
- (7) Where Keyfield Offshore undertakes the catering services for third party vessels.

**(ii) Analysis of GP and GP margin by segment**

Our GP and GP margin for the FYEs 2020 to 2022 and FPE Sep 2023 are set out below:

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2022	FPE Sep 2023
GP	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Own vessels<sup>(1)</sup></b>					
Chartering <sup>(2)</sup>	8,872	17,724	42,217	28,479	86,404
Catering	633	3,416	11,701	8,489	20,510
Others	210	2,196	10,752	7,643	10,451
	<b>9,715</b>	<b>23,336</b>	<b>64,670</b>	<b>44,611</b>	<b>117,365</b>
<b>Third party vessels</b>					
Chartering	8,029	11,494	19,450	11,912	18,350
Catering	2,621	4,759	3,939	3,595	4,296
Others	531	2,997	1,513	924	3,376
	<b>11,181</b>	<b>19,250</b>	<b>24,902</b>	<b>16,431</b>	<b>26,022</b>
<b>Total</b>	<b>20,896</b>	<b>42,586</b>	<b>89,572</b>	<b>61,042</b>	<b>143,387</b>

**11. FINANCIAL INFORMATION (Cont'd)**

Notes:

- (1) For FYE 2020, we only have one own vessel which is LS1. Our Group's second and third vessels, LS2 and Falcon were both only available for charter from May 2021 and March 2021 onwards respectively, and therefore only contributed to the GP in FYE 2021. Kindness was acquired in November 2021 but only available for charter in FYE 2022, and therefore only contributed to the GP in FYE 2022. We acquired Commander, Compassion and Grace on 18 February 2022, which contributed to the GP in FYE 2022. We acquired 3 additional own vessels, namely Lestari, Blooming Wisdom and Helms 1 in FPE Sep 2023.
- (2) Total GP for own vessels chartering is arrived at by deducting own vessels' marine costs from own vessels' chartering revenue.

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2022	FPE Sep 2023
GP margin	%	%	%	%	%
<b>Own vessels<sup>(a)</sup></b>					
Chartering	50.7	44.0	35.5	34.3	53.1
Catering	48.4	45.3	59.7	60.3	59.1
Others	38.6	67.3	90.6	89.4	85.4
	<b>50.2</b>	<b>45.7</b>	<b>43.0</b>	<b>42.2</b>	<b>56.0</b>
<b>Third party vessels<sup>(b)</sup></b>					
Chartering	17.2	16.3	27.6	23.1	22.7
Catering	36.3	38.8	37.8	42.8	31.9
Others	27.8	49.4	31.6	31.6	49.1
	<b>20.0</b>	<b>21.7</b>	<b>29.1</b>	<b>26.1</b>	<b>25.7</b>
<b>Overall GP margin</b>	<b>27.8</b>	<b>30.5</b>	<b>37.9</b>	<b>36.2</b>	<b>46.1</b>

Notes:

- (a) The GP margin for own vessels is arrived at after including vessel and vessel equipment depreciation as part of cost of sales, consistent with the presentation of the Accountants' Report in Section 12 as this is an expense which is directly attributable to the earning of revenue.
- (b) The GP margin for third party vessels is arrived at after including depreciation of right-of-use assets as part of cost of sales, consistent with the presentation of the Accountants' Report in Section 12 as this is an expense which is directly attributable to the earning of revenue.

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**11. FINANCIAL INFORMATION (Cont'd)**

Overall, the GP margin earned on third party vessels is lower than that for our own vessels due to the following:

- (i) In respect of our own vessels, we are the ship owner and have already incurred significant capital expenditure to acquire the vessel. As such, there is a higher degree of financial commitment which has already been made. The cost of sales for own vessels mainly consist of non-cash items such as vessel and vessel equipment depreciation and dry docking amortisation, marine and catering crew salaries and with minimal daily operational costs when our own vessels are on-hired as the cost of marine gas oil are borne by our customer during such period. Cost of sales for own vessels also include items such as spare parts and consumables, repairs and maintenance and costs during the period in which our own vessels are off-hire;
- (ii) In respect of third party vessels which we charter on time charter basis, we did not incur any capital expenditure to acquire the vessel, but only charter these as and when we have secured a Chartering Contract. Due to such cost structure, we adopt a pricing strategy whereby we are able to scale up/down our operations by earning a lower GP margin for third party vessels. Our Group only earns GP after deducting the chartering costs charged by the owners, i.e. we charter out such vessels on back-to-back basis with lower fixed costs incurred and with no capital investment; and
- (iii) In respect of third party vessels which we charter on bareboat charter basis, the GP Margin earned is lower than the GP margin for own vessels as the right-of-use asset is depreciated over the period of the bareboat charter, while for our own vessels, the cost of the vessel is depreciated over its remaining useful life. In the case of Daya Indah Satu and Daya Ceria, the period of the bareboat charters is for one year each, with an extension option of another year, while our own vessels are depreciated over their remaining useful lives of between 11 years and 25 years from the month in which they were acquired. Our GP is earned after deducting the depreciation of right-of-use assets, our marine crew costs and daily operational costs. Vessels which we charter on bareboat charter basis are accounted for as right-of-use assets in accordance with MFRS 16.

**(iii) Commentary on cost of sales, GP and GP margin****(a) Comparison between FYE 2020 and FYE 2021****Cost of sales**

In FYE 2021, we incurred cost of sales of RM97.2 million as compared to cost of sales of RM54.3 million in FYE 2020.

Own vessels – LS1, LS2 and Falcon

Cost of sales for own vessels in FYE 2021 was contributed by 3 own vessels, namely LS1, LS2 and Falcon, whereas cost of sales in FYE 2020 was contributed by LS1. Resulting from this, cost of sales for own vessels increased to RM27.8 million in FYE 2021 from RM9.7 million in FYE 2020.

Catering costs increased by RM3.4 million to RM4.1 million in FYE 2021 in tandem with the increase in number of passengers served in our own vessels in FYE 2021.

**11. FINANCIAL INFORMATION (Cont'd)**Third party vessels

Cost of sales for third party vessels increased by RM24.7 million or 55.3% to RM69.4 million in FYE 2021 from RM44.7 million in FYE 2020. The increase in cost of sales was mainly due to increase in chartering costs such as third party chartering fees as a result of higher number of chartered days, as well as higher operational and own crew costs incurred by us in respect of third party vessels which we had chartered on a bareboat basis during FYE 2021.

In FYE 2021, we had chartered Grace, Compassion, Commander and Helms 1 on a bareboat charter basis. We subsequently acquired all of these vessels in FYE 2022 (Grace, Compassion and Commander) and FYE 2023 (Helms 1).

The increase in cost of sales for third party vessels is in tandem with the increase in revenue earned by third party vessels in FYE 2021 resulting from higher number of chartered days.

**GP and GP margin**

In FYE 2021, our Group's total GP increased by RM21.7 million or 103.8% to RM42.6 million as compared to RM20.9 million in FYE 2020. The increase in total GP was mainly contributed by own vessels which increased to RM23.3 million in FYE 2021 from RM9.7 million in FYE 2020. Meanwhile, total GP for third party vessels increased to RM19.3 million in FYE 2021 as compared to RM11.2 million in FYE 2020.

In FYE 2021, our Group's overall GP margin increased to 30.5% from 27.8% in FYE 2020. The GP margin for own vessels decreased to 45.7% from 50.2% mainly due to the higher average number of off-hire days of 127 days in FYE 2021 as compared to 95 days in FYE 2020 as well as time and costs required to prepare the additional vessels (LS2 and Falcon) for operations. Meanwhile, there was an increase in GP margin for third party vessels to 21.7% from 20.0% as we managed to secure better average DCRs from RM64,800 in FYE 2020 to RM65,000 in FYE 2021, increase in catering rates and higher VSAT rates charged in respect of the charter of third party vessel. Despite the increase in average DCR, we recorded a decrease in GP margin for the chartering revenue of third party vessels from 17.2% in FYE 2020 to 16.3% in FYE 2021 due to the increase in average DCR rates charged by third party owners to our Group, resulting in reduction in third party vessels' chartering GP Margin.

Own vessels – LS1, LS2, Falcon

Own vessels' GP increased to RM23.3 million in FYE 2021 from RM9.7 million in FYE 2020 due to the addition of LS2 and Falcon, which were commenced operations during FYE 2021. GP margin for own vessels decreased to 45.7% in FYE 2021 from 50.2% in FYE 2020 mainly due to the higher average number of off-hire days of 127 days in FYE 2021 as compared to 95 days in FYE 2020. The higher average number of off-hire days was in line with the decline in the AWB chartering market in Malaysia due to operational disruptions resulting from COVID-19. In addition, the decrease in GP margin for own vessels was due to the addition of LS2 and Falcon, being the first year of operations where time and costs were required to prepare the vessels for operations such as sea trials to obtain the relevant certificates prior to chartering for the first time in Malaysia. Meanwhile, GP margin for catering for own vessels decreased to



**11. FINANCIAL INFORMATION (Cont'd)**

45.3% in FYE 2021 from 48.4% in FYE 2020 due to the increase in food and beverage provisions cost.

Third party vessels

The GP for third party vessels increased to RM19.3 million in FYE 2021 from RM11.2 million in FYE 2020 due to the increase in the number of chartered days for third party vessels in FYE 2021, which included vessels which we bareboat charter. The GP margin for third party vessels increased to 21.7% in FYE 2021 as compared to 20.0% in FYE 2020 as we managed to secure better average DCRs from RM64,800 in FYE 2020 to RM65,000 in FYE 2021, increase in catering rates and higher VSAT rates charged in respect of the charter of third party vessels. Despite the increase in average DCR, we recorded a decrease in GP margin for the chartering revenue of third party vessels from 17.2% in FYE 2020 to 16.3% in FYE 2021 due to the increase in average DCR rates charged by third party owners to our Group, resulting in reduction in third party vessels' chartering GP Margin.

**(b) Comparison between FYE 2021 and FYE 2022****Cost of sales**

In FYE 2022, we incurred total cost of sales of RM146.6 million as compared to cost of sales of RM97.2 million in FYE 2021.

Own vessels – LS1, LS2, Falcon, Kindness, Grace, Compassion and Commander

Cost of sales for own vessels in FYE 2022 was contributed by 4 additional own vessels, namely Kindness, Grace, Compassion and Commander, whereas cost of sales in FYE 2021 was contributed by LS1, LS2 and Falcon only. Resulting from this, cost of sales for own vessels increased to RM85.9 million in FYE 2022 from RM27.8 million in FYE 2021.

There was an increase of RM27.3 million in the cost of sales for own vessels in FYE 2022 which was attributable to vessel operation and maintenance cost.

Vessel operation and maintenance cost increased by RM27.3 million (from RM6.6 million to RM33.9 million) due to increase in costs for off-hire period such as marine gas oil and berthing fees by RM1.5 million, higher project equipment rental by RM3.4 million due to higher number of chartered days, additional mobilisation costs by RM4.3 million to prepare the vessels for operations such as replacement parts and sea trials to obtain the relevant certificates required before we charter our vessels as well as higher annual repairs and maintenance cost by RM18.1 million for our expanded fleet, including full year costs for LS2 and Falcon (as FYE 2022 is the first year where LS2 and Falcon operated for a full financial year), higher repairs and maintenance cost for LS1 which is 5 years old and for Commander which is 14 years old as of FYE 2022.

Catering costs increased by RM3.8 million to RM7.9 million in FYE 2022 in tandem with the increase in catering revenue earned by our own vessels.

**11. FINANCIAL INFORMATION (Cont'd)**Third party vessels

Cost of sales for third party vessels decreased by RM8.6 million or 12.4% to RM60.8 million in FYE 2022 from RM69.4 million in FYE 2021. The decrease in cost of sales was mainly due to:

- (i) Reduction in vessel operation, maintenance and crew costs for third party vessels in FYE 2022 compared to FYE 2021. In FYE 2021, our Group had bareboat chartered Grace, Compassion and Commander since August 2021. Subsequently, we acquired these three vessels in February 2022 and their costs are accordingly classified under own vessels' cost of sales;
- (ii) Reduction in third party chartering fee despite an increase in number of chartered days for third party vessels in FYE 2022, as the third party vessels chartered during FYE 2022 consist of a larger proportion of third party AHTS and PSV, which has a lower DCR as compared to AWBs. The increased in number of chartered days in FYE 2022 was mainly contributed by Helms 1, which is a PSV (with geotechnical capabilities). We had bareboat chartered Helms 1 for the entire year and chartered it to our customer for the entire year without incurring any off-hire costs thereby improving our GP margins; and
- (iii) Recognition of the bareboat charters of Helms 1 and Daya Indah Satu as right-of-use assets, whereby their depreciation contributes to the cost of sales.

**GP and GP margin**

In FYE 2022, our Group's total GP increased by RM47.0 million or 110.3% to RM89.6 million from RM42.6 million in FYE 2021. The increase in total GP was mainly contributed by own vessels which increased to RM64.7 million in FYE 2022 from RM23.3 million in FYE 2021. Meanwhile, GP for third party vessels increased to RM24.9 million in FYE 2022 as compared to RM19.3 million in FYE 2021.

In FYE 2022, our Group's overall GP margin increased to 37.9% from 30.5% in FYE 2021. The GP margin for own vessels decreased to 43.0% from 45.7% mainly due to the increase in vessel operation and maintenance costs. There was an increase in GP margin for third party vessels to 29.1% from 21.7% mainly due to a higher proportion of GP being contributed by third party vessels which were bareboat chartered in FYE 2022. This was mainly contributed by the charter of Helms 1. We had bareboat chartered Helms 1 for the entire year and chartered it to our customer for the entire year without incurring any off-hire costs thereby improving our GP margins.

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**11. FINANCIAL INFORMATION (Cont'd)**Own vessels – LS1, LS2, Falcon, Kindness, Grace, Compassion and Commander

Own vessels' GP increased to RM64.7 million in FYE 2022 from RM23.3 million in FYE 2021 due to the addition of Kindness, Grace, Compassion and Commander which commenced operations during FYE 2022. Meanwhile GP margin for own vessels decreased to 43.0% in FYE 2022 from 45.7% in FYE 2021 mainly due to higher vessel operation and maintenance cost in FYE 2022.

Vessel operation and maintenance cost increased by RM27.3 million (from RM6.6 million to RM33.9 million) due to increase in costs for off-hire period such as marine gas oil and berthing fees by RM1.5 million, higher project equipment by RM3.4 million, additional mobilisation costs by RM4.3 million to prepare the vessels for operations such as replacement parts and sea trials to obtain the relevant certificates required before we charter our vessels as well as higher annual repairs and maintenance cost for our expanded fleet by RM18.1 million including full year costs for LS2 and Falcon, higher repairs and maintenance cost for LS1 which is 5 years old and for Commander which is 14 years old as of FYE 2022. We incur annual repairs and maintenance cost for each of our own vessels and vessels which we bareboat charter.

Meanwhile, GP margin for catering for own vessels increased to 59.7% in FYE 2021 from 45.3% in FYE 2021 due to higher catering rates secured.

Third party vessels

Third party vessels GP increased to RM24.9 million from RM19.3 million with the increase in number of chartered days for third party vessels. Meanwhile, GP margin increased to 29.1% in FYE 2022 as compared to 21.7% in FYE 2021 mainly due to a higher proportion of GP being contributed by third party vessels which were bareboat chartered in FYE 2022. This was mainly contributed by the charter of Helms 1. We had bareboat chartered Helms 1 for the entire year and chartered it to our customer for the entire year without incurring any off-hire costs thereby improving our GP margins. The GP and GP margin for Helms 1 for FYE 2022 was RM6.8 million and 42.7%, respectively.

**(c) Comparison between FPE Sep 2022 and FPE Sep 2023****Cost of sales**

In FPE Sep 2023, we incurred cost of sales of RM167.5 million as compared to cost of sales of RM107.6 million in FPE Sep 2022.

Own vessels – LS1, LS2, Falcon, Kindness, Grace, Compassion, Commander, Lestari, Blooming Wisdom and Helms 1

Cost of sales for own vessels in FPE Sep 2023 of RM92.4 million was contributed by 10 own vessels, whereas cost of sales in FPE Sep 2022 of RM61.0 million was contributed by 7 own vessels. Our Group acquired 3 additional own vessels in FPE Sep 2023, namely Lestari, Blooming Wisdom and Helms 1. Resulting from the acquisitions, total marine cost for own vessels increased by RM21.8 million to RM76.4 million in FPE Sep 2023 from RM54.6 million in FPE Sep 2022. The increase in cost of sales for own vessels was mainly contributed by increase in vessel operation and maintenance costs (by RM8.9 million), increase in vessel and vessel equipment depreciation (by RM5.9 million) and increase in own crew costs (by RM6.9 million). The

**11. FINANCIAL INFORMATION (Cont'd)**

increases in vessel operation and maintenance costs as well as depreciation were mainly due to increase in number of own vessels in FPE Sep 2023 while increase in own crew costs was mainly due to higher number of chartered days for our own vessels during the same period.

Catering costs for own vessels increased by RM8.6 million to RM14.2 million in FPE Sep 2023 in line with the increase in number of passengers served in our own vessels as well as general increase in prices of food and beverage provisions due to inflationary pressures.

Third party vessels

Cost of sales for third party vessels increased by RM28.7 million or 61.7% to RM75.2 million in FPE Sep 2023 from RM46.5 million in FPE Sep 2022. The increase was mainly contributed by chartering costs for third party vessels which increased by RM22.8 million or 57.4% to RM62.5 million in FPE Sep 2023 from RM39.7 million in FPE Sep 2022. This was mainly due to increase third party chartering fees by RM18.5 million as a result of higher number of chartered days. We also incurred higher vessel operation and maintenance costs by RM1.9 million as there were 3 third party vessels bareboat chartered by us in FPE Sep 2023 (Helms 1 from January 2023 until it was acquired by our Group on 7 April 2023, Daya Indah Satu for entire FPE Sep 2023 and Daya Ceria from July 2023 onwards) as compared to 1 in FPE Sep 2022 (Helms 1 for entire FPE Sep 2022). Under the bareboat charter agreement between our Group and the third party owners, we are responsible for the vessel operation and maintenance costs.

The increase in cost of sales for third party vessels is in line with the increase in revenue earned by third party vessels in FPE Sep 2023 resulting from higher number of chartered days.

**GP and GP margin**

In FPE Sep 2023, our Group's total GP increased by RM82.4 million or 135.1% to RM143.4 million as compared to RM61.0 million in FPE Sep 2022. The increase in total GP was mainly contributed by own vessels which increased by RM72.8 million to RM117.4 million in FPE Sep 2023 from RM44.6 million in FPE Sep 2022. Meanwhile, total GP for third party vessels increased to RM26.0 million in FPE Sep 2023 as compared to RM16.4 million in FPE Sep 2022.

In FPE Sep 2023, our Group's overall GP margin increased to 46.1% from 36.2% in FPE Sep 2022. The GP margin for own vessels increased to 56.0% from 42.2% mainly due to the reason as stated below. There was a decrease in GP margin for third party vessels to 25.7% from 26.1% mainly due to increase in average DCR rates charged by third party owners to our Group.

Own vessels – LS1, LS2, Falcon, Kindness, Grace, Compassion, Commander, Lestari, Blooming Wisdom and Helms 1

Own vessels' GP increased to RM117.4 million in FPE Sep 2023 from RM44.6 million in FPE Sep 2022 mainly contributed by the following:

- (aa) GP from Grace, Compassion and Commander for the full 9 months financial period in FPE Sep 2023 as compared to FPE Sep 2022 whereby these three vessels were only acquired on 18 February 2022;

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**11. FINANCIAL INFORMATION (Cont'd)**

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- (bb) GP from Blooming Wisdom and Helms 1 after their acquisitions by our Group on 7 April 2023; and
- (cc) An increase in total GP for catering due to increase in number of passengers served in line with the increase in number of vessels and chartered days.

Resulting from the above, our GP margin increased to 56.0% in FPE Sep 2023 from 42.2% in FPE Sep 2022 mainly due to the following:

- (aa) Increase in number of chartered days, resulting from both an increase in number of own vessels as well as their utilisation rates; and
- (bb) An increase in average DCR due to increased demand for our vessels and improved market conditions, as explained in the revenue section above.

However, our GP margin for catering decreased to 59.1% from 60.3% due to increase in costs of food and beverage provisions.

Third party vessels

The total GP for third party vessels increased to RM26.0 million in FPE Sep 2023 from RM16.4 million in FPE Sep 2022 due to the increase in the number of chartered days for third party vessels. The GP margin for third party vessels decreased to 25.7% in FPE Sep 2023 as compared to 26.1% in FPE Sep 2022, which was due to the lower GP margin for both third party chartering and catering segments. Although third party average DCR for FPE Sep 2023 was higher than FPE Sep 2022, the GP margin for third party chartering decreased to 22.7% in FPE Sep 2023 as compared to 23.1% in FPE Sep 2022, mainly due to increase in average DCR rates charged by third party owners to our Group. Meanwhile, GP margin for catering decreased to 31.9% from 42.8% due to increase in catering costs charged by third party vessel owners (where we do not undertake the catering services for third party vessels) and increase in costs of food and beverage provisions (where we undertake the catering services for third party vessels). We had partially passed on such increase in catering rates charged by third party vessel owners to our customers.

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**11. FINANCIAL INFORMATION (Cont'd)**

**11.2.3.3 Other income**

	<b>Audited</b>					
	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Gain on foreign exchange:						
- Realised	2,450	52.5	329	18.3	320	3.5
- Unrealised	236	5.1	39	2.2	-	-
Interest income	60	1.3	118	6.6	107	1.2
Fair value adjustment on Keyfield CRNCPS	-	-	-	-	7,282	80.9
Lease income	79	1.7	-	-	16	0.2
Gain on disposal:						
- Property, plant and equipment	-	-	3	0.2	-	-
- Investment property	91	1.9	-	-	-	-
Falcon charter income	1,747	37.5	1,155	64.3	-	-
Insurance claims	-	-	-	-	603	6.7
Gain on lease modification	-	-	-	-	177	2.0
Dividend income from Naka Bayu	-	-	-	-	98	1.1
Miscellaneous	-	-	152	8.4	397	4.4
	<b>4,663</b>	<b>100.0</b>	<b>1,796</b>	<b>100.0</b>	<b>9,000</b>	<b>100.0</b>

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE Sep 2022</b>		<b>FPE Sep 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Gain on foreign exchange:				
- Realised	306	3.6	137	11.9
- Unrealised	-	-	154	13.4
Interest income	85	1.0	307	26.7
Fair value adjustment on Keyfield CRNCPS	7,282	86.4	-	-
Lease income	-	-	72	6.3
Gain on disposal:				
- Property, plant and equipment	-	-	-	-
- Investment property	-	-	-	-
Falcon charter income	-	-	-	-
Insurance claims	464	5.5	394	34.2
Gain on lease modification	177	2.1	-	-
Dividend income from Naka Bayu	-	-	-	-
Miscellaneous	120	1.4	87	7.5
	<b>8,434</b>	<b>100.0</b>	<b>1,151</b>	<b>100.0</b>

**11. FINANCIAL INFORMATION (Cont'd)****Comparison between FYE 2020 and FYE 2021**

Other income for FYE 2021 was RM1.8 million as compared to other income for FYE 2020 of RM4.7 million. In FYE 2020 and FYE 2021, we received other income of RM1.7 million and RM1.2 million respectively from the chartering of Falcon prior to her delivery to our Group. Under the terms of the memorandum of agreement for the acquisition of Falcon, all charter income for the period from 2 October 2020 to the date of its delivery to our Group will accrue to Keyfield Offshore. Falcon was delivered to our Group in February 2021. As Falcon did not belong to our Group at this period of time, such charter income is recognised as other income and not as revenue.

In FYE 2021, gain on foreign exchange amounting to RM0.4 million arose from the foreign exchange translation gain on trade receivables which were denominated in USD, resulting from the appreciation of USD against RM. Meanwhile, in FYE 2020, gain on foreign exchange amounting to RM2.7 million arose resulting from the appreciation of RM against USD from the following:

- (i) RM2.1 million from the capitalisation of advances amounting to total of USD8.6 million from WCL and Lavin Group (which were denominated in USD) and were capitalised into our Shares (denominated in RM) and repayment of the balance USD7.8 million (equivalent to RM31.6 million) to Lavin Group in December 2020; and
- (ii) RM0.6 million arising from the re-translation of an amount due by Keyfield Offshore into RM by Keyfield Marine Limited, whose financial statements were denominated in USD.

**Comparison between FYE 2021 and FYE 2022**

Other income for FYE 2022 was RM9.0 million as compared to other income for FYE 2021 of RM1.8 million. In FYE 2022, other income consisted mainly of the following:

- (i) RM7.3 million arising from fair value adjustment on Keyfield CRNCPS in accordance with MFRS 9. In February 2022, we had issued a total of 570,000,000 Keyfield CRNCPS for the total nominal value of RM142.5 million, for the following:
  - (a) 260,000,000 Keyfield CRNCPS at the nominal value of RM65.0 million for the acquisition of Grace by Keyfield Serenity;
  - (b) 50,000,000 Keyfield CRNCPS at the nominal value of RM12.5 million for the acquisition of Keyfield Resolute by Keyfield; and
  - (c) 260,000,000 Keyfield CRNCPS at the nominal value of RM65.0 million to assume the debt previously owed by Keyfield Resolute to Lavin Group.

The above fair value adjustment arose due to the 3-year tenure of the CRNCPS being discounted to present value at the market rate of 4.9% for comparable market instruments. Such fair value adjustment will be amortised monthly as other expenses of the Group over the 3-year tenure of the Keyfield CRNCPS;

- (ii) RM0.6 million arising from approved insurance claims from our claims made to our insurer for crew-related expenses incurred by us resulting from COVID-19; and
- (iii) RM0.3 million arising from foreign exchange translation gain on trade receivables which were denominated in USD, resulting from the appreciation of USD against RM.

**11. FINANCIAL INFORMATION (Cont'd)****Comparison between FPE Sep 2022 and FPE Sep 2023**

Other income for FPE Sep 2023 was RM1.2 million as compared to other income for FPE Sep 2022 of RM8.4 million.

In FPE Sep 2022, there was a one-off fair value adjustment on Keyfield CRNCPS of RM7.3 million which arose due to the 3-year tenure of the Keyfield CRNCPS being discounted to present value at the market rate for comparable market instruments. Such fair value adjustment will be amortised monthly as other expenses of the Group over the 3-year tenure of the Keyfield CRNCPS.

Other income for FPE Sep 2023 mainly comprised the following:

- (i) RM0.4 million arising from insurance claims for faulty/damaged vessel equipment;
- (ii) RM0.3 million arising from interest income on our cash and bank balances, including fixed deposits; and
- (iii) RM0.1 million arising from realised gain on foreign exchange mainly from trade receivables denominated in foreign currency, as a result of appreciation of USD against RM.

**11.2.3.4 Administrative expenses**

	<b>Audited</b>					
	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Staff costs	3,234	65.6	5,042	62.7	9,246	64.0
Professional fees	498	10.1	283	3.5	495	3.4
Insurance	458	9.3	1,933	24.1	2,977	20.6
Lease and utility expenses	115	2.3	107	1.3	114	0.8
Donation and sponsorship	81	1.6	72	0.9	70	0.5
Stamp duty	77	1.6	41	0.5	162	1.1
Miscellaneous <sup>(1)</sup>	469	9.5	559	7.0	1,383	9.6
	<b>4,932</b>	<b>100.0</b>	<b>8,037</b>	<b>100.0</b>	<b>14,447</b>	<b>100.0</b>
	<b>Unaudited</b>		<b>Audited</b>			
	<b>FPE Sep 2022</b>		<b>FPE Sep 2023</b>			
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>		
Staff costs	6,567	65.4	9,159	66.2		
Professional fees	324	3.2	392	2.8		
Insurance	2,164	21.5	2,671	19.3		
Lease and utility expenses	76	0.8	110	0.8		
Donation and sponsorship	66	0.7	177	1.3		
Stamp duty	51	0.5	51	0.4		
Miscellaneous <sup>(1)</sup>	795	7.9	1,279	9.2		
	<b>10,043</b>	<b>100.0</b>	<b>13,839</b>	<b>100.0</b>		

Note:

- (1) Mainly comprising upkeep of office, travelling expenses and bank charges.



**11. FINANCIAL INFORMATION (Cont'd)****Comparison between FYE 2020 and FYE 2021**

Our Group's administrative expenses increased by RM3.1 million or 63.3% to RM8.0 million in FYE 2021 from RM4.9 million in FYE 2020. The increase was mainly contributed by the increase in staff costs by RM1.8 million due to the increased head count and salary levels to support the growing operations of our Group, as well as increase in insurance costs by RM1.5 million to cover 3 own vessels namely LS1, LS2 and Falcon in FYE 2021, as compared to only LS1 in FYE 2020.

**Comparison between FYE 2021 and FYE 2022**

Our Group's administrative expenses increased by RM6.4 million or 80.0% to RM14.4 million in FYE 2022 from RM8.0 million in FYE 2021. The increase was mainly contributed by the increase in staff costs by RM4.2 million due to the increased head count and salary levels to support the growing operations of our Group, as well as increase in insurance costs by RM1.0 million to cover 7 own vessels namely LS1, LS2, Falcon, Kindness, Grace, Compassion and Commander in FYE 2022 as compared to only 3 own vessels in FYE 2021.

**Comparison between FPE Sep 2022 and FPE Sep 2023**

Our Group's administrative expenses increased by RM3.8 million or 38.0% to RM13.8 million in FPE Sep 2023 from RM10.0 million in FPE Sep 2022. The increase was mainly contributed by the increase in staff costs by RM2.6 million due to the increased head count and salary levels to support the growing operations of our Group and increase in insurance costs by RM0.5 million due to the acquisition of 3 additional own vessels namely Lestari, Blooming Wisdom and Helms 1 in FPE Sep 2023.

**11.2.3.5 Other expenses and impairment losses on financial assets**

	<b>Audited</b>					
	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<b>Other expenses</b>						
Depreciation on other assets (such as vessel <sup>(1)</sup> and office equipment as well as right-of-use assets)	145	8.9	433	5.7	1,854	17.1
Loss on foreign exchange:						
- Realised	*	*	264	3.5	1,161	10.7
- Unrealised	696	42.6	115	1.5	-	-
IPO expenses	678	41.4	1,112	14.6	1,284	11.8
Accretion of interest on CRNCPS	-	-	-	-	2,260	20.8
Others	100	6.1	-	-	-	-
	<b>1,619</b>	<b>99.0</b>	<b>1,924</b>	<b>25.3</b>	<b>6,559</b>	<b>60.4</b>
<b>Impairment losses on financial assets</b>						
Impairment losses on financial assets	17	1.0	5,677	74.7	4,307	39.6
	<b>17</b>	<b>1.0</b>	<b>5,677</b>	<b>74.7</b>	<b>4,307</b>	<b>39.6</b>
	<b>1,636</b>	<b>100.0</b>	<b>7,601</b>	<b>100.0</b>	<b>10,866</b>	<b>100.0</b>

**11. FINANCIAL INFORMATION (Cont'd)**

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE Sep 2022</b>		<b>FPE Sep 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<b>Other expenses</b>				
Depreciation on other assets (such as vessel <sup>(1)</sup> and office equipment as well as right-of-use assets)	1,271	30.3	1,668	30.1
Loss on foreign exchange:				
- Realised	331	7.9	174	3.1
- Unrealised	469	11.2	75	1.4
IPO expenses	545	13.0	1,607	29.0
Accretion of interest on CRNCPS	1,582	37.6	2,004	36.1
Others	-	-	19	0.3
	<b>4,198</b>	<b>100.0</b>	<b>5,547</b>	<b>100.0</b>
<b>Impairment losses on financial assets</b>				
Impairment losses on financial assets	-	-	-	-
	<b>4,198</b>	<b>100.0</b>	<b>5,547</b>	<b>100.0</b>

Notes:

\* Negligible.

<sup>(1)</sup> Vessel equipment which can be detached from or are not fixed to the vessels.**Comparison between FYE 2020 and FYE 2021**

Our Group's other expenses increased by RM0.3 million or 18.8% to RM1.9 million in FYE 2021 from RM1.6 million in FYE 2020. The increase was mainly contributed by the following:

- (i) IPO expenses of RM1.1 million expensed off in FYE 2021, compared with RM0.7 million in FYE 2020; and
- (ii) Depreciation on other assets of RM0.4 million in FYE 2021, compared with RM0.1 million in FYE 2020, resulting from our Group's expansion.

The increase was offset by a decrease in losses on foreign exchange by RM0.3 million in FYE 2021.

We recorded impairment losses on financial assets of RM5.7 million in FYE 2021 following occurrences of material non-recoverability of trade and other receivables from ZESSB (RM0.5 million), Shapadu Energy Services Sdn Bhd (RM0.8 million) and Sapura Pinewell (RM4.3 million). Further details are disclosed in Section 11.2.2(x) above.

**11. FINANCIAL INFORMATION (Cont'd)****Comparison between FYE 2021 and FYE 2022**

Our Group's other expenses increased by RM4.7 million or 247.4% to RM6.6 million in FYE 2022 from RM1.9 million in FYE 2021. The increase was mainly contributed by the following:

- (i) Accretion of interest on Keyfield CRNCPS for the period March to December 2022 amounting to RM2.3 million. The entire fair value adjustment of RM7.3 million had earlier been recognised as other income, as disclosed in Section 11.2.3.3 above;
- (ii) IPO expenses of RM1.3 million expensed off in FYE 2022, compared with RM1.1 million in FYE 2021;
- (iii) Depreciation on other assets of RM1.9 million in FYE 2022, compared with RM0.4 million in FYE 2021, resulting from our Group's expansion; and
- (iv) Increase in losses on foreign exchange by RM0.9 million in FYE 2022.

We recorded impairment losses on financial assets of RM4.3 million in FYE 2022 following occurrences of material non-recoverability of trade from Sapura Pinewell (RM4.3 million). Further details are disclosed in Section 11.2.2(x) above.

**Comparison between FPE Sep 2022 and FPE Sep 2023**

Our Group's other expenses increased by RM1.3 million or 31.0% to RM5.5 million in FPE Sep 2023 from RM4.2 million in FPE Sep 2022. The increase was mainly contributed by the following:

- (i) IPO expenses of RM1.6 million expensed off in FPE Sep 2023, compared with RM0.5 million in FPE Sep 2022;
- (ii) Accretion of interest on Keyfield CRNCPS of RM2.0 million in FPE Sep 2023, compared with RM1.6 million in FPE Sep 2022, as the CRNCPS were only issued in February 2022; and
- (iii) Depreciation on other assets of RM1.7 million in FPE Sep 2023, compared with RM1.3 million in FPE Sep 2022, resulting from the right-of-use assets for tenancy agreements for our current head office which commenced during FPE Sep 2023.

These were offset by a decrease in unrealised loss on foreign exchange of RM0.4 million, as there were payables denominated in USD in FPE Sep 2022, which has been subsequently paid.

There weren't any impairment losses on financial assets in FPE Sep 2023.

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**11. FINANCIAL INFORMATION (Cont'd)****11.2.3.6 Finance costs**

		<b>Audited</b>					
		<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
		<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Short-term borrowing expenses		144	10.6	279	7.4	477	5.4
Long-term borrowing expenses		1,214	89.4	3,273	88.0	3,460	39.7
Finance charges on Blooming Wisdom and Helms 1		-	-	-	-	-	-
Lease liabilities		-	-	171	4.6	529	6.1
CRNCPS		-	-	-	-	4,256	48.8
		<b>1,358</b>	<b>100.0</b>	<b>3,723</b>	<b>100.0</b>	<b>8,722</b>	<b>100.0</b>

		<b>Unaudited</b>		<b>Audited</b>	
		<b>FPE Sep 2022</b>		<b>FPE Sep 2023</b>	
		<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Short-term borrowing expenses		342	5.4	1,124	10.5
Long-term borrowing expenses		2,484	39.4	2,340	21.9
Finance charges on Blooming Wisdom and Helms 1		-	-	3,450	32.2
Lease liabilities		315	5.0	590	5.5
CRNCPS		3,157	50.2	3,206	29.9
		<b>6,298</b>	<b>100.0</b>	<b>10,710</b>	<b>100.0</b>

Our finance costs comprise the following:

- (i) Interest expenses on short-term borrowings from local financial institutions such as revolving credits and invoice financing. Our invoice financing facilities provides us with the flexibility where:
  - (a) The financial institution will pay 100% of our trade suppliers' invoices directly to such suppliers. Thereafter, we will repay the amount financed by the financial institution after a set period of time, i.e. within 4 months of the amount being financed; and
  - (b) The financial institution will make available cash and bank balances to us, being 80% of the invoiced value of our revenue invoices which we have yet to collect from our trade receivables. Thereafter, we will repay the amount financed by the financial institution after a set period of time, i.e. within 3 to 6 months of the amount being financed;
- (ii) Interest expenses on long-term borrowings such as vessel financing and property financing from local financial institutions as well as vessel financing from Positive Boom Limited and shareholder's loan from Maltiquest.

We had obtained a loan from Positive Boom Limited in FYE 2021 to partially finance the acquisition of Falcon. Both Keyfield, the 90% holding company and Maltiquest, the 10% non-controlling shareholder had collectively provided a proportionate shareholders' loan to Keyfield Endeavour in FYE 2021;

## 11. FINANCIAL INFORMATION (*Cont'd*)

- (iii) Finance costs on Keyfield Endeavour CRCPS amounting to 2% per annum on the nominal value of outstanding Keyfield Endeavour CRCPS issued to Maltquest, which is RM2.5 million as at LPD since its issuance. This is in relation to the dividend on Keyfield Endeavour CRCPS as referred to in Section 11.13(iv) below;
- (iv) Finance costs on Keyfield CRNCPS amounting to 3% per annum on the nominal value of outstanding Keyfield CRNCPS, which is RM142.5 million as at LPD since its issuance. This is in relation to the dividend on Keyfield CRNCPS as referred to in Section 11.13(ii) below;
- (v) Finance costs on Keyfield Offshore CRNCPS amounting to 5% per annum on the nominal value of outstanding Keyfield Offshore CRNCPS. This is in relation to the dividend on Keyfield Offshore CRNCPS as referred to in Section 11.13(iii) below. As at LPD, all RM15.6 million nominal value of Keyfield Offshore CRNCPS have been fully redeemed; and
- (vi) Finance costs on lease liabilities of the Group, which arose from the following:
  - (a) Lease liabilities for motor vehicles of the Group which are financed via hire purchase arrangements;
  - (b) Lease liabilities for Helms 1 (prior to its acquisition by our Group) and Daya Indah Satu which are bareboat chartered by us for a period exceeding 1 year, and therefore accounted for as right-of-use assets in accordance with MFRS 16; and
  - (c) Lease liabilities for our office premises which we rent for a period exceeding 1 year, and therefore accounted for as right-of-use assets in accordance with MFRS 16.

### Comparison between FYE 2020 and FYE 2021

For FYE 2021, our finance cost increased by RM2.3 million or 164.3% to RM3.7 million (FYE 2020: RM1.4 million) mainly due to the following:

- (i) Increase in short-term borrowing expenses by RM0.1 million as we had drawdown on our revolving credit and invoice financing facilities to finance our working capital;
- (ii) Increase in long-term borrowing expenses by RM2.1 million as we had drawdown on vessel financing from a local financial institution in December 2020 and a third party, Positive Boom Limited, in January 2021 to partially finance the acquisitions of LS2 and Falcon respectively; and
- (iii) Increase in finance cost for lease liabilities by RM0.2 million arising from the right-of-use asset of Helms 1 which we had bareboat chartered from August 2021 onwards.

### Comparison between FYE 2021 and FYE 2022

For FYE 2022, our finance cost increased by RM5.0 million or 135.1% to RM8.7 million (FYE 2021: RM3.7 million) mainly due to the following:

- (i) Increase in short-term borrowing expenses by RM0.2 million as we had further drawdown on our revolving credit and invoice financing facilities to finance our working capital;
- (ii) Increase in long-term borrowing expenses by RM0.2 million as we had drawdown on additional vessel financing from a local financial institution in July 2022 to partially finance the acquisition of Kindness;

**11. FINANCIAL INFORMATION (Cont'd)**

- (iii) Increase in finance cost for Keyfield CRNCPS by RM4.3 million as Keyfield had issued RM142.5 million nominal value CRNCPS in February 2022 to finance the acquisitions of Grace and Keyfield Resolute, and also to settle the amount owing by Keyfield Resolute to Lavin Group; and
- (iv) Increase in finance cost for lease liabilities by RM0.4 million arising from the right-of-use asset of Helms 1 and Daya Indah Satu which we had bareboat chartered from August 2021 and November 2022 onwards respectively.

**Comparison between FPE Sep 2022 and FPE Sep 2023**

For FPE Sep 2023, our finance cost increased by RM4.4 million or 69.8% to RM10.7 million (FPE Sep 2022: RM6.3 million) mainly due to the following:

- (i) Finance costs of RM3.5 million incurred in respect of the purchases of Blooming Wisdom and Helms 1, whereby the purchase consideration for both these vessels are to be repaid via instalments, thereby incurring finance costs;
- (ii) Increase in short-term borrowing expenses by RM0.8 million as we had drawdown on our revolving credit and invoice financing facilities to finance our working capital; and
- (iii) Increase in lease liabilities interest in FPE Sep 2023 by RM0.3 million arising from bareboat charter of Daya Indah Satu (which commenced in November 2022) amounting to RM0.3 million and bareboat charter of Daya Ceria (which commenced in July 2023) amounting to RM0.2 million. The increase was offset by reduction in lease liabilities interest for Helms 1 amounting to RM0.2 million as we had acquired this vessel in April 2023.

The increase was offset by a decrease in long-term borrowing expenses by RM0.2 million, as we had fully repaid the term loan previously taken to finance LS1, in July 2023.

**11.2.3.7 Income tax expense, PBT and PAT**

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2022	FPE Sep 2023
PBT (RM'000)	17,533	25,025	65,011	48,909	114,427
Income tax expense (RM'000)	(4,017)	(7,018)	(15,160)	(12,150)	(30,190)
<b>PAT (RM'000)</b>	<b>13,516</b>	<b>18,007</b>	<b>49,851</b>	<b>36,759</b>	<b>84,237</b>
PBT margin (%) <sup>(1)</sup>	23.3	17.9	27.5	29.0	36.8
PAT margin (%) <sup>(1)</sup>	18.0	12.9	21.1	21.8	27.1
Effective tax rate (%) <sup>(2)</sup>	22.9	28.0	23.3	24.8	26.4
Statutory tax rate for Malaysian-incorporated companies (%)	24.0	24.0	24.0	24.0	24.0

Notes:

- (1) PBT and PAT margins are computed based on our PBT and PAT over revenue, respectively.
- (2) Effective tax rate is computed by dividing the total income tax expense over PBT of our Group for the relevant financial year/period.

**11. FINANCIAL INFORMATION (Cont'd)****Comparison between FYE 2020 and FYE 2021**

In FYE 2021, our Group's total PBT was RM25.0 million and PBT margin was 17.9%. The total PBT for FYE 2021 was higher than total PBT of RM17.5 million in FYE 2020, while PBT margin for FYE 2021 was lower than FYE 2020. Such lower PBT margin in FYE 2021, despite the higher GP margin in FYE 2021 was due mainly to the impairment losses on financial assets in FYE 2021 amounting to RM5.7 million, as disclosed in Section 11.2.2(x) above, while our Group also recorded higher other income in FYE 2020 as disclosed in Section 11.2.3.3 above which increased FYE 2020's PBT margin.

The effective tax rate was higher than the statutory tax rate due to certain expenses not being deductible for taxation purposes such as IPO expenses of RM1.1 million. A reconciliation of the income tax expense to the statutory tax rate is disclosed in Note 25 of the Accountants' Report in Section 12.

Our income tax expense of RM7.0 million comprise the following:

- (i) Provision for income tax of RM0.1 million in respect of interest income for the year; and
- (ii) Provision for deferred tax of RM6.9 million as a result of capital allowances for the year being higher than depreciation charge for our own vessels.

Resulting from the above, we recorded a PAT of RM18.0 million and a PAT margin of 12.9% for FYE 2021.

**Comparison between FYE 2021 and FYE 2022**

In FYE 2022, our Group's total PBT was RM65.0 million and PBT margin was 27.5%. The total PBT for FYE 2022 was higher than total PBT of RM25.0 million in FYE 2021, while PBT margin for FYE 2022 was higher than FYE 2021. The higher PBT margin in FYE 2022 was due to a higher GP margin as disclosed in Section 11.2.3.2 and higher other income as disclosed in Section 11.2.3.3, offset by the higher other expenses as disclosed in Section 11.2.3.5 and impairment losses on financial assets as disclosed in Section 11.2.2(x) above.

The effective tax rate was lower than the statutory tax rate due to certain other income not being taxable such as fair value adjustment on Keyfield CRNCPS of RM7.3 million and overprovision of deferred tax in previous financial year. A reconciliation of the income tax expense to the statutory tax rate is disclosed in Note 25 of the Accountants' Report in Section 12.

Our income tax expense of RM15.2 million comprise the following:

- (i) Provision for income tax of RM0.4 million in respect of interest income for the year and underprovision in the previous financial year; and
- (ii) Provision for deferred tax of RM14.8 million as a result of capital allowances for the year being higher than depreciation charge for our own vessels.

Resulting from the above, we recorded a PAT of RM49.9 million and a PAT margin of 21.1% for FYE 2022.

**11. FINANCIAL INFORMATION (Cont'd)****Comparison between FPE Sep 2022 and FPE Sep 2023**

In FPE Sep 2023, our Group's total PBT was RM114.4 million and PBT margin was 36.8%. The total PBT and PBT margin for FPE Sep 2023 were both higher than total PBT and PBT margin in FPE Sep 2022.

The higher total PBT and PBT margin in FPE Sep 2023 were mainly due to higher total GP and GP margin as disclosed in Section 11.2.3.2 above, offset by lower other income and higher administrative and finance costs as disclosed in Sections 11.2.3.3, 11.2.3.4 and 11.2.3.6 respectively.

The effective tax rate for FPE Sep 2023 was higher than the statutory tax rate due to certain expenses such as IPO expenses and Keyfield CRNCPS dividends not being deductible for taxation purposes. Meanwhile, the effective tax rate for FPE Sep 2022 was higher than the statutory rate mainly due to certain expenses such as Keyfield CRNCPS dividends and Keyfield Offshore CRNCPS dividends not being deductible for taxation purposes.

Our income tax expense of RM30.2 million in FPE Sep 2023 million comprise the following:

- (i) Provision for income tax of RM0.1 million in respect of interest income for the period; and
- (ii) Provision for deferred tax of RM30.1 million as a result of capital allowances for the period being higher than depreciation charge for our own vessels.

Resulting from the above, we recorded a PAT of RM84.2 million and a PAT margin of 27.1% for FPE Sep 2023.

**11.2.3.8 Review of financial position****(i) Assets**

	<b>Audited</b>			
	<b>As at 31 December</b>			<b>As at 30 September</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment in an associate	250	254	229	214
Property, plant and equipment	160,476	232,971	368,567	508,198
Investment property	-	-	1,555	1,532
Right-of-use assets	265	14,261	19,068	17,210
Other investments	-	-	218	218
<b>Total non-current assets</b>	<b>160,991</b>	<b>247,486</b>	<b>389,637</b>	<b>527,372</b>
<b>Current assets</b>				
Inventories	480	1,701	2,141	1,392
Trade receivables	22,660	64,889	88,008	147,392
Other receivables, deposits and prepayments	12,339	2,528	735	1,770
Current tax assets	580	150	72	60
Fixed deposits with licensed banks	2,711	6,179	6,240	7,304
Cash and bank balances	20,176	14,656	17,024	36,668
<b>Total current assets</b>	<b>58,946</b>	<b>90,103</b>	<b>114,220</b>	<b>194,586</b>
<b>TOTAL ASSETS</b>	<b>219,937</b>	<b>337,589</b>	<b>503,857</b>	<b>721,958</b>



**11. FINANCIAL INFORMATION (Cont'd)****Comparison between 31 December 2020 and 31 December 2021****Non-current assets**

We recorded an increase of RM86.5 million or 53.7% to RM247.5 million for our non-current assets as at 31 December 2021 (31 December 2020: RM161.0 million) mainly due to the following:

- (i) Increase in our property, plant and equipment by RM72.5 million resulting from the acquisitions of our Group's own vessels, Falcon and Kindness, vessel and office equipment at the total cost of RM81.3 million in FYE 2021, offset by depreciation of RM8.8 million for our property, plant and equipment; and
- (ii) Increase in right-of-use assets by RM14.0 million arising from the bareboat charter of Helms 1 for a period exceeding 1 year.

**Current assets**

We recorded an increase of RM31.2 million or 53.0% to RM90.1 million for our current assets as at 31 December 2021 (31 December 2020: RM58.9 million) mainly due to the following:

- (i) Increase in trade receivables by RM42.2 million which corresponds with the higher revenue in FYE 2021 as compared to FYE 2020. This was further contributed by a higher proportion of revenue earned in second half of FYE 2021 as compared to the first half; and
- (ii) Increase in fixed deposits with licensed banks by RM3.5 million, which was used as security for our vessel financing.

The increase was mainly offset by the following:

- (i) Decrease in our cash and cash balances by RM5.5 million. Please refer to Section 11.3.2 below for further analysis of the cash flows; and
- (ii) Decrease in our other receivables by RM9.8 million resulting mainly from:
  - (a) The reclassification of the deposits of RM8.1 million paid for the acquisition of Falcon to property, plant and equipment as this acquisition has since been completed as Falcon was delivered to our Group in February 2021; and
  - (b) Reduction in advances provided to suppliers by RM2.1 million. We no longer provide any such advances as at end of FYE 2021.

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**11. FINANCIAL INFORMATION (Cont'd)****Comparison between 31 December 2021 and 31 December 2022****Non-current assets**

We recorded an increase of RM142.1 million or 57.4% to RM389.6 million for our non-current assets as at 31 December 2022 (31 December 2021: RM247.5 million) mainly due to the following:

- (i) Increase in our property, plant and equipment by RM135.6 million resulting from the acquisitions of our Group's own vessels, Grace, Compassion and Commander, dry docking, vessel and office equipment amounting to RM156.3 million in FYE 2022, offset by depreciation of RM18.9 million for our property, plant and equipment and transfer of completed investment property of RM1.6 million;
- (ii) Net increase in right-of-use assets by RM4.8 million arising from the bareboat charter of Daya Indah Satu for a period exceeding 1 year, offset by depreciation charges for right-of-use assets during FYE 2022;
- (iii) Transfer of completed investment property of RM1.6 million from property, plant and equipment; and
- (iv) Increase in other investments of RM0.2 million for a golf club membership.

**Current assets**

We recorded an increase of RM24.1 million or 26.7% to RM114.2 million for our current assets as at 31 December 2022 (31 December 2021: RM90.1 million) mainly due to the following:

- (i) Increase in trade receivables by RM23.1 million, which corresponds to the higher revenue in FYE 2022 as compared to FYE 2021; and
- (ii) Increase in our cash and cash balances by RM2.3 million. Please refer to Section 11.3.2 below for further analysis of the cash flows.

The increase was mainly offset by the decrease in other receivables by RM1.8 million whereby prepayments made for the dry docking of LS1 have been reclassified to property, plant and equipment in January 2022.

**Comparison between 31 December 2022 and 30 September 2023****Non-current assets**

We recorded an increase of RM137.8 million or 35.4% to RM527.4 million for our non-current assets as at 30 September 2023 (31 December 2022: RM389.6 million) mainly due to the increase in our property, plant and equipment by RM139.6 million resulting mainly from the acquisitions of our Group's own vessels namely, Lestari, Blooming Wisdom and Helms 1 at the total acquisition cost of RM154.5 million and other additions to vessel and office equipment of RM5.0 million in FPE Sep 2023, offset by depreciation of RM19.8 million for our property, plant and equipment.

The increase was mainly offset by the decrease in right-of-use assets by RM1.9 million mainly due to derecognition of Helms 1 as a right-of-use asset in FPE Sep 2023 after our Group acquired this vessel in April 2023.

**11. FINANCIAL INFORMATION (Cont'd)****Current assets**

We recorded an increase of RM80.4 million or 70.4% to RM194.6 million for our current assets as at 30 September 2023 (31 December 2022: RM114.2 million) mainly due to the following:

- (i) Increase in trade receivables by RM59.4 million as we had recorded a higher revenue towards the end of FPE Sep 2023, where such trade receivables had yet to be received as at end of FPE Sep 2023 and it is still within the credit period. Subsequent collections up to the LPD in respect of outstanding trade receivables as at the end of FPE Sep 2023 is disclosed in Section 11.7.1 below; and
- (ii) Increase in cash and bank balances by RM19.6 million, resulting from net cash inflows in FPE Sep 2023, as further discussed in Section 11.3.2 below.

**(ii) Liabilities**

	<b>Audited</b>			
	<b>As at 31 December</b>			<b>As at 30 September</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
CRNCPS	-	15,563	136,778	138,782
Lease liabilities	88	8,802	8,040	6,407
Other payables	-	8,206	2,000	94,464
Borrowings	42,367	49,663	27,461	9,854
Deferred tax liabilities	7,954	14,836	29,634	59,757
<b>Total non-current liabilities</b>	<b>50,409</b>	<b>97,070</b>	<b>203,913</b>	<b>309,264</b>
<b>Current liabilities</b>				
Trade payables	13,638	33,923	33,719	51,500
Other payables and accruals	10,151	12,907	7,338	29,958
CRNCPS	-	-	3,563	2,494
Lease liabilities	42	5,405	10,897	10,927
Borrowings	21,949	43,486	51,877	46,084
Current tax liabilities	16	116	213	205
<b>Total current liabilities</b>	<b>45,796</b>	<b>95,837</b>	<b>107,607</b>	<b>141,168</b>
<b>TOTAL LIABILITIES</b>	<b>96,205</b>	<b>192,907</b>	<b>311,520</b>	<b>450,432</b>

**Comparison between 31 December 2020 and 31 December 2021****Non-current liabilities**

We recorded an increase of RM46.7 million or 92.7% to RM97.1 million for our non-current liabilities as at 31 December 2021 (31 December 2020: RM50.4 million) mainly due to the following:

- (i) Increase in Keyfield Offshore CRNCPS by RM15.6 million, which was issued to finance the acquisition of Kindness;

## 11. FINANCIAL INFORMATION *(Cont'd)*

- (ii) Increase in non-current portion of lease liabilities by RM8.7 million, resulting from the bareboat charter of Helms 1 for a period exceeding 1 year being accounted for as a right-of-use asset;
- (iii) Increase in non-current portion of other payables by RM8.2 million, which was due to shareholder's loan from Maltquest to Keyfield Endeavour of RM3.0 million and a third party advance from Full Smart International Enterprises Limited\* of RM5.2 million;

Note:

\* Additional information on the advances from Full Smart International Enterprises Limited is set out in Section 6.16(xxi).

- (iv) Increase in non-current portion of term loans by RM7.3 million, due to the drawdown of term loan from a third party, Positive Boom Limited to partially finance the acquisition of Falcon, offset by the repayment of term loans for LS1, LS2 and Falcon during the financial year; and
- (v) Increase in deferred tax liabilities by RM6.8 million, due to the provision of deferred tax for FYE 2021 to account for the timing differences between accounting profit before tax and adjusted taxable profit as a result of capital allowances claimed for FYE 2021 being higher than depreciation charged for our own vessels.

### Current liabilities

We recorded an increase of RM50.0 million or 109.2% to RM95.8 million for our current liabilities as at 31 December 2021 (31 December 2020: RM45.8 million) mainly due to the following:

- (i) Increase in trade payables by RM20.3 million, which corresponds to the higher cost of sales in FYE 2021 as we had made more purchases from suppliers with credit terms to support our Group's increased operations, and such trade payables were yet to be paid as at end of FYE 2021 due to the timing of such purchases, and were subsequent paid in FYE 2022;
- (ii) Increase in current portion of other payables and accruals by RM2.7 million, mainly due to the following:
  - (a) Increase of RM2.2 million from deposits received from customers for Chartering Contracts. These were subsequently recognised as revenue in FYE 2022;
  - (b) Increase of RM2.4 million for accruals mainly for crew costs, which was subsequent paid in January 2022; and
  - (c) Increase of RM0.5 million for other payables consisting of non-trade payables such as IPO expenses.

The increase in current portion of other payables and accruals was mainly offset by the following:

- (a) Decrease in amount owing to Lavin Group by RM0.8 million due to repayment of the previous year's shareholder's advance of RM5.0 million and a separate shareholder's advance of RM4.2 million in FYE 2021, details which are disclosed in Section 9.1; and

## 11. FINANCIAL INFORMATION (*Cont'd*)

- (b) Repayment of advances of RM1.5 million to WCL.
- (iii) Increase in current portion of lease liabilities by RM5.4 million, resulting from the bareboat charter of Helms 1 for a period exceeding 1 year being accounted for as a right-of-use asset; and
- (iv) Increase in current portion of borrowings by RM21.6 million, contributed by current portion of vessel financing, which now includes vessel financing for Falcon (new during the financial year) in addition to current portion of vessel financing for LS1 and LS2 from previous financial year, and short-term borrowings such as revolving credits and invoice financing to finance our working capital.

### Comparison between 31 December 2021 and 31 December 2022

#### Non-current liabilities

We recorded an increase of RM106.8 million or 110.0% to RM203.9 million for our non-current liabilities as at 31 December 2022 (31 December 2021: RM97.1 million) mainly due to the following:

- (i) Increase in Keyfield CRNCPS of RM136.8 million, which represents the fair value of such instrument as at 31 December 2022 in respect of the nominal value of RM142.5 million Keyfield CRNCPS issued for the acquisition of Grace, Keyfield Resolute and to settle Keyfield Resolute's amount owing to Lavin Group. This was offset by the full redemption in FYE 2022 of the RM15.6 million Keyfield Offshore CRNCPS issued in FYE 2021; and
- (ii) Increase in deferred tax liabilities by RM14.8 million, due to the provision of deferred tax for FYE 2022 to account for the timing differences between accounting profit before tax and adjusted taxable profit as a result of capital allowances claimed for FYE 2022 being higher than depreciation charged for our own vessels.

The increase was mainly offset by the following:

- (i) Decrease in non-current portion of other payables by RM6.2 million as we had repaid the third party advance of RM5.2 million to Full Smart International Enterprises Limited in full and partial repayment of RM1.0 million to Maltiquest; and
- (ii) Decrease in non-current portion of borrowings by RM22.2 million due to the repayment of term loans for LS1, LS2 and Falcon during the financial year.

#### Current liabilities

We recorded an increase of RM11.8 million or 12.3% to RM107.6 million for our current liabilities as at 31 December 2022 (31 December 2021: RM95.8 million) mainly due to the following:

- (i) Decrease in current portion of other payables and accruals by RM5.6 million, resulting from the repayment of shareholder's advance of RM4.2 million to Lavin Group and lower deposits received from our customers by RM1.5 million;
- (ii) Increase in Keyfield CRNCPS by RM3.6 million, being the Keyfield CRNCPS dividend accrued for FYE 2022;

**11. FINANCIAL INFORMATION (Cont'd)**

- (iii) Increase in current portion of lease liabilities by RM5.5 million, resulting from the additional bareboat charter of Daya Indah Satu for a period exceeding 1 year being accounted for as a right-of-use asset in FYE 2022; and
- (iv) Increase in current portion of borrowings by RM8.4 million, due to the drawdown of short-term borrowings such as revolving credits and invoice financing to finance our working capital.

**Comparison between 31 December 2022 and 30 September 2023****Non-current liabilities**

We recorded an increase of RM105.4 million or 51.7% to RM309.3 million for our non-current liabilities as at 30 September 2023 (31 December 2022: RM203.9 million) mainly due to the following:

- (i) Increase in non-current portion of other payables by RM92.5 million which was mainly due to payables to the vendors of Blooming Wisdom and Helms 1 of RM94.5 million, whereby the purchase considerations are to be repaid in instalments, offset by the repayment of amount due to Maltiquest of RM2.0 million, which we had fully repaid in September 2023;
- (ii) Increase in deferred tax liabilities by RM30.1 million, due to the provision of deferred tax for FPE Sep 2023 to account for the timing differences between accounting profit before tax and adjusted taxable profit; and
- (iii) Increase in Keyfield CRNCPS by RM2.0 million due to the fair value adjustment on Keyfield CRNCPS for FPE Sep 2023.

The increase was mainly offset by the following:

- (i) Decrease in non-current portion of borrowings by RM17.6 million due to:
  - (a) Full repayment of the term loan taken to finance LS1, which we had fully repaid in July 2023;
  - (b) Classification of the term loans taken to finance the acquisitions of LS2 and Falcon under current liabilities as their respective tenures will end within 12 months from 30 September 2023. The loan from Positive Boom Limited, which was utilised to finance the acquisition of Falcon, was subsequently fully repaid in October 2023 while the loan for the acquisition of LS2 was subsequently fully repaid in December 2023.

The non-current portion of term loans of RM9.9 million as at 30 September 2023 comprise the following:

- (aa) amount of RM5.3 million in respect of the term loans taken to refinance Kindness and RM1.6 million in respect of the term loan taken to finance our investment property; and
- (bb) amount of RM3.0 million of long-term credit facility, which has been subsequently fully repaid in October 2023;

**11. FINANCIAL INFORMATION (Cont'd)**

- (c) Decrease in lease liabilities by RM1.6 million due to derecognition of lease resulting from the termination of bareboat charter of Helms 1 upon our Group's acquisition of this vessel and repayments of lease arising from right-of-use asset for bareboat charter of Daya Indah Satu, offset by increase in lease liabilities arising from right-of-use asset for bareboat charter of Daya Ceria.

**Current liabilities**

We recorded an increase of RM33.6 million or 31.2% to RM141.2 million for our current liabilities as at 30 September 2023 (31 December 2022: RM107.6 million) mainly due to the following:

- (i) Increase in trade payables by RM17.8 million, which corresponds to the higher cost of sales in FPE Sep 2023 as we had made more purchases from suppliers with credit terms to support our Group's increased operations, and such trade payables had yet to be paid as at end of FPE Sep 2023 as it is still within the credit period; and
- (ii) Increase in current portion of other payables and accruals by RM22.7 million mainly due to payables to the vendors of Blooming Wisdom and Helms 1 of RM24.0 million, whereby the purchase considerations are to be repaid in instalments.

The increase was mainly offset by the following:

- (i) Decrease in borrowings by RM5.8 million due to repayments of borrowings, offset by reclassification of term loans taken to finance LS2 and Falcon to current liabilities as their respective tenures will end within 12 months from 30 September 2023. As at 30 September 2023, our current portion of borrowings consisted of the following:
- (a) Amount of RM21.8 million owing to Positive Boom Limited to finance the acquisition of Falcon, which was subsequently fully repaid in October 2023;
- (b) Amount of RM4.9 million owing to Bank Pembangunan Malaysia Berhad to finance the acquisition of LS2, which will be fully repaid by December 2023;
- (c) Amount of RM2.5 million owing to Alliance Islamic Bank Berhad for the acquisition of Kindness; and
- (d) Amount of RM16.9 million in revolving credit facilities, owing to RHB Bank Berhad, which was subsequently fully repaid in November 2023.
- (ii) Decrease in Keyfield CRNCPS by RM1.1 million as this amount relates to the amount accrued for the 3% dividends on Keyfield CRNCPS. We had paid RM4.3 million in respect of such dividends in April 2023.

## **11. FINANCIAL INFORMATION (*Cont'd*)**

### **11.2.4 Recent developments**

Save as disclosed below, there are no significant events subsequent to our Group's audited consolidated financial statements for FPE Sep 2023:

- (i) We fully settled the loan from Positive Boom Limited, which was taken to finance the acquisition of Falcon, in October 2023;
- (ii) On 26 January 2024, Keyfield Offshore entered into a sale and purchase agreement with Khas Jejaka Sdn Bhd, a wholly-owned subsidiary of Muhibbah Engineering (M) Bhd, for the acquisition of IMS Aman for a cash consideration of RM34.8 million; and
- (iii) We paid the following dividends:
  - (a) Dividends in respect of our ordinary shares amounting to RM15.0 million in respect of FYE 2023, which was declared on 15 February 2024 and paid on 22 February 2024; and
  - (b) Dividends in respect of Keyfield CRNCPS amounting to RM4.3 million, consisting of RM3.6 million in respect for FYE 2023 and RM0.7 million which is in respect of FYE 2024, which was paid on 22 February 2024.

## **11.3 LIQUIDITY AND CAPITAL RESOURCES**

### **11.3.1 Working capital**

We have been financing our operations and the acquisitions of our own vessels through existing cash and bank balances generated from our operations and equity share capital contributed by our shareholders as well as external sources of funds such as long and short-term borrowings, shareholders' and third party advances, lease liabilities and issuance of CRNCPS, the details of which are disclosed in Sections 11.4 and 11.5 below.

As at 30 September 2023, we have:

- (i) Cash and bank balances of RM36.7 million;
- (ii) Fixed deposits with licensed banks of RM7.3 million, consisting of pledged fixed deposits of RM4.2 million and restricted for use fixed deposits of RM3.1 million, which were placed to secure bank borrowings; and
- (iii) Short-term bank borrowing facilities up to a limit of RM37.2 million, of which RM17.3 million have not been utilised.

The interest rate of our short-term bank borrowing facilities is based on prevailing market rates and further disclosed in Section 11.4 below. The principal use of the abovementioned funds is for our Group's business growth and operations and for working capital purposes.

The decision to utilise either internally generated funds or short-term bank borrowings for our business operations and working capital depends on, amongst others, our cash and bank balances, expected timing of cash inflows and outflows, future working capital requirements, future capital expenditure requirements and the interest rate on such borrowings.



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**11. FINANCIAL INFORMATION (Cont'd)**

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Based on the Pro Forma Consolidated Statements of Financial Position of our Group as at 30 September 2023 (after the Subsequent Events but before the Public Issue), our NA position stood at RM332.2 million and our gearing level is 0.6 times. Our NA position and gearing level (after the Subsequent Events, Public Issue and utilisation of IPO proceeds) are RM507.6 million and 0.1 times respectively.

As at the LPD, we have:

- (i) Cash and bank balances of RM34.4 million;
- (ii) Pledged fixed deposits with licensed banks of RM5.3 million which were placed to secure bank borrowings and bank guarantees required by our customers; and
- (iii) Short-term bank borrowing facilities up to a limit of RM10.0 million, all of which have not been utilised.

In addition to the above, our Board has further taken into consideration that upon Listing, the pro forma gearing of our Group is expected to be 0.1 times, after the Public Issue and utilisation of proceeds, which includes the repayment for vessel financing amounting to RM164.5 million via proceeds from the Public Issue. In addition, our Group's current ratio will improve to 1.8 times after the Public Issue and utilisation of proceeds. We will further raise RM14.6 million via the Public Issue for working capital purpose.

After taking into consideration of the above as well as the Group's foreseeable capital expenditure including dry-docking costs for Grace, Compassion, Lestari, Blooming Wisdom and IMS Aman (including CAP costs), repair and maintenance costs for our own vessels and which we bareboat charter as well as financing obligations including monthly repayments of our term loans amounting to RM0.3 million as disclosed in Section 11.4, we have sufficient working capital for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus.

Our Board is also of the view that we will have sufficient internally generated funds and/or be able to secure the required funding (via future debt or equity fundraising exercises) for the acquisition of new vessels as set out in Sections 6.19.1 and 6.19.2 which is expected to be implemented over the next 2 years from our Listing.

While we have made various impairment losses on certain trade and other receivables as disclosed in Section 11.2.2(x) above, our Group has not encountered any major disputes with our trade receivables. Our finance personnel work together closely with our commercial team for the collection of outstanding trade receivables balances on a monthly basis. This measure has proven to be effective while maintaining a cordial relationship with our customers as we did not encounter any disputes which resulted in any impairment loss in respect of trade receivables.

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**11. FINANCIAL INFORMATION (Cont'd)****11.3.2 Review of cash flows****(i) Cash flow summary**

	<b>Audited</b>			
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE Sep 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net cash from operating activities	11,328	21,606	62,487	99,083
Net cash for investing activities	(54,386)	(29,729)	(11,165)	(31,129)
Net cash from/(for) financing activities	59,738	2,630	(48,998)	(48,389)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>16,680</b>	<b>(5,493)</b>	<b>2,324</b>	<b>19,565</b>
Effects of foreign exchange translation	(1,084)	(27)	44	79
Cash and cash equivalents at beginning of the financial year/period	4,580	20,176	14,656	17,024
<b>Cash and cash equivalents at end of the financial year/period</b>	<b>20,176</b>	<b>14,656</b>	<b>17,024</b>	<b>36,668</b>

**(ii) Commentary of cash flows****FYE 2020**

For FYE 2020, our cash and cash equivalents as at end of the year stood at RM20.2 million, which was a net increase of RM15.6 million from FYE 2019, and after accounting for effects of foreign exchange translation of RM1.1 million from Keyfield Marine Limited.

**Net cash from operating activities**

For FYE 2020, our Group recorded net cash from operating activities of RM11.3 million. The net cash from operating activities were generated from the following:

- (a) An operating profit before working capital changes of RM23.5 million for FYE 2020, which were mainly contributed by PBT of RM17.5 million and after adding back non-cash depreciation of RM4.1 million;
- (b) Total working capital changes which reduced operating cash by RM10.4 million. This was primarily due to increase in receivables by RM5.6 million and decrease in payables by RM4.3 million; and
- (c) Payments for income tax of RM0.4 million and interest of RM1.4 million made during FYE 2020.

**11. FINANCIAL INFORMATION (Cont'd)****Net cash for investing activities**

For FYE 2020, our Group recorded net cash for investing activities of RM54.4 million for our investing activities mainly due to the cash portion for the acquisition of LS2 of RM55.3 million, less proceeds of RM2.5 million from the disposal of the Group's previous investment property.

**Net cash from financing activities**

For FYE 2020, our Group recorded net cash from financing activities of RM59.7 million mainly due to the following:

- (a) The drawdown of a new term loan of RM38.3 million to partially refinance the cost of acquisition of LS2, offset by scheduled repayments of term loans during the year of RM9.8 million;
- (b) Proceeds of RM10.1 million from issuance of new shares to Lavin Group by Keyfield Offshore;
- (c) Advances from Lavin Group of RM25.7 million, of which RM20.5 million has since been capitalised into Keyfield Shares; and
- (d) Net drawdown of short-term banking facilities comprising revolving credits amounting to RM6.3 million.

The amount was offset by the following:

- (a) Dividends of RM0.5 million paid during the year;
- (b) Repayment of RM10.2 million to WCL for previous advances received; and
- (c) Repayment of vessel financing term loans of RM9.8 million.

**FYE 2021**

For FYE 2021, our cash and cash equivalents as at end of the year stood at RM14.7 million, which was a net decrease of RM5.5 million from FYE 2020.

**Net cash from operating activities**

For FYE 2021, our Group recorded net cash from operating activities of RM21.6 million. The net cash from operating activities were generated from the following:

- (a) An operating profit before working capital changes of RM45.2 million for FYE 2021, which were mainly contributed by PBT of RM25.0 million and after adding back non-cash depreciation of RM10.9 million and non-cash impairment losses on trade receivables and bad debts written off totaling RM5.7 million;
- (b) Total working capital changes which reduced operating cash by RM20.4 million. This was primarily due to increase in receivables by RM46.1 million offset by increase in payables by RM25.9 million; and
- (c) Net refund for income tax of RM0.4 million offset by interest paid of RM3.6 million made during FYE 2021.

**11. FINANCIAL INFORMATION (Cont'd)****Net cash for investing activities**

For FYE 2021, our Group recorded net cash for investing activities of RM29.7 million mainly due to the cash portion for the acquisition of Falcon and Kindness of RM26.4 million and increase in restricted for use fixed deposits of RM3.7 million which were placed to secure bank borrowings.

**Net cash from financing activities**

For FYE 2021, our Group recorded net cash from financing activities of RM2.6 million mainly due to the following:

- (a) Net advances from related parties amounting to RM4.5 million, as follows:
  - (aa) A cash advance of RM6.0 million which was contributed by Maltquest, the non-controlling shareholder of Keyfield Endeavour, which was used to partially finance the acquisition of Falcon. Out of this amount, RM3.0 million was subsequently capitalised into Keyfield Endeavour ordinary shares and CRCPS; and
  - (bb) Repayment of RM1.5 million to WCL for previous advances received;
- (b) Proceeds of the issuance of Keyfield Offshore CRNCPS to finance the acquisition of Kindness amounting to RM15.6 million;
- (c) Advances from a third party, Full Smart International Enterprises Limited amounting to RM5.2 million for working capital; and
- (d) Net drawdown of revolving credit facilities of RM2.3 million to finance our working capital.

The amount was offset by the following:

- (a) Repayment to Lavin Group amounting to RM5.0 million for previous advances received; and
- (b) Repayment of vessel financing term loans and lease liabilities amounting to RM18.1 million and RM2.0 million, respectively.

**FYE 2022**

For FYE 2022, our cash and cash equivalents as at end of the year stood at RM17.0 million, which was a net increase of RM2.3 million from FYE 2021.

**Net cash from operating activities**

For FYE 2022, our Group recorded net cash from operating activities of RM62.5 million. The net cash from operating activities were generated from the following:

- (a) An operating profit before working capital changes of RM97.5 million for FYE 2022, which were mainly contributed by PBT of RM65.0 million and after:
  - (aa) Adding back the following non-cash items:
    - Depreciation of RM25.4 million;
    - Impairment losses on trade receivables of RM4.3 million; and
    - Accretion of interest on Keyfield CRNCPS of RM2.3 million;

## 11. FINANCIAL INFORMATION *(Cont'd)*

- (bb) Deducting the non-cash fair value gain on Keyfield CRNCPS of RM7.3 million.
- (b) Total working capital changes which reduced operating cash by RM30.9 million. This was primarily due to increase in receivables by RM24.2 million and decrease in payables by RM5.2 million; and
- (c) Payment for income tax of RM0.2 million and interest paid of RM3.9 million made during FYE 2022.

### **Net cash for investing activities**

For FYE 2022, our Group recorded net cash for investing activities of RM11.2 million mainly due to the additions of property, plant and equipment comprising vessel equipment and dry docking amounting to RM11.8 million. The amount was partially offset by the acquisition of a subsidiary, namely Keyfield Resolute, net of cash and cash equivalents acquired of RM0.4 million and proceeds from disposal of property, plant and equipment of RM0.3 million.

### **Net cash for financing activities**

For FYE 2022, our Group recorded net cash for financing activities of RM49.0 million mainly due to the following:

- (a) Dividends paid of RM2.1 million paid during the year;
- (b) Repayment to Lavin Group amounting to RM5.0 million for previous advances received;
- (c) Full redemption of Keyfield Offshore CRNCPS, which was issued in FYE 2021, amounting to RM15.6 million;
- (d) Repayment to Maltquest, the non-controlling shareholder of Keyfield Endeavour amounting to RM1.0 million for previous advances received;
- (e) Repayment to Full Smart International Enterprises Limited amounting to RM5.2 million for previous advances received; and
- (f) Repayment of vessel financing term loans and lease liabilities amounting to RM35.2 million and RM6.4 million, respectively.

The amount was offset by the following:

- (a) The drawdown of new term loans totally RM10.1 million to partially redeem the Keyfield Offshore CRNCPS; and
- (b) Net drawdown of revolving credit facilities of RM11.3 million to finance our working capital.

**11. FINANCIAL INFORMATION (Cont'd)****FPE Sep 2023**

For FPE Sep 2023, our cash and cash equivalents as at 30 September 2023 stood at RM36.7 million, which was a net increase of RM19.6 million from FYE 2022.

**Net cash from operating activities**

For FPE Sep 2023, our Group recorded net cash from operating activities of RM99.1 million. The net cash from operating activities were generated from the following:

- (a) An operating profit before working capital changes of RM153.3 million for FPE Sep 2023, which were mainly contributed by PBT of RM114.4 million and after adding back non-cash depreciation of RM26.5 million and interest expense of RM10.7 million;
- (b) Total working capital changes which reduced operating cash by RM42.4 million. This was primarily due to increase in receivables by RM60.4 million and offset by increase in payables by RM17.3 million; and
- (c) Payments for interest of RM11.8 million made during FPE Sep 2023.

**Net cash for investing activities**

For FPE Sep 2023, our Group recorded net cash for investing activities of RM31.1 million mainly due to purchase of property, plant and equipment, as follows:

- (a) Cash acquisition of Lestari of RM24.4 million; and
- (b) Acquisitions of vessel and office equipment of RM5.1 million.

**Net cash for financing activities**

For FPE Sep 2023, our Group recorded net cash for financing activities of RM48.4 million mainly due to the following:

- (a) Repayment of term loans and lease liabilities of RM23.3 million and RM6.5 million respectively;
- (b) Payment of dividends in respect of Keyfield Shares of RM5.0 million; and
- (c) Repayment to third parties of RM13.5 million comprise of instalment payments made to vendors of Blooming Wisdom and Helms 1 of RM11.5 million in respect of the principal portion as well as repayment of the amount due to Maltquest of RM2.0 million.

**11. FINANCIAL INFORMATION (Cont'd)****11.4 BORROWINGS AND LEASE LIABILITIES**

We have various interest-bearing borrowings and other instruments which can be classified as follows:

- (i) Interest-bearing borrowings, comprising short-term borrowings to finance our working capital and long-term borrowings to finance the acquisitions of our own vessels;
- (ii) Lease liabilities which comprise the following:
  - (a) Hire purchase arrangements for our Group's motor vehicle, for which interest is charged by the financial institution. Such hire purchase arrangement has been fully repaid as at the LPD; and
  - (b) Bareboat charter arrangements for Daya Indah Satu and Daya Ceria and tenancy agreements for our office for a period exceeding 1 year each. In accordance with MFRS 16, these are accounted for as right-of-use assets and lease liabilities, with the interest rate of such lease liabilities computed in accordance with comparable market rates; and
- (iii) Interest-bearing instruments which our Group issued to finance the acquisitions of our own vessels. These include Keyfield Offshore CRNCPS which was issued in FYE 2021 and fully redeemed in FYE 2022, and Keyfield CRNCPS which were issued in FYE 2022 and will be fully redeemed as part of our IPO. Kindly refer to Sections 6.2.8(ii) for additional information on the Keyfield CRNCPS.

In accordance with MFRS 9 and due to the 3-year tenure of Keyfield CRNCPS, its nominal value are discounted to present value at the market rate for comparable market instruments. The fair value gain has been accounted as other income in FYE 2022, with the accretion of interest on CRNCPS to be amortised over the 3-year tenure and charged as our Group's expense, in addition to the 3% dividend per annum.

Our total outstanding borrowings as at FYEs 2020 to 2022 and FPE Sep 2023 are set out in the table below, all of which are denominated in RM.

	<b>Audited</b>			
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE Sep 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Long-term portion:</b>				
<b>Borrowings:</b>				
- Term loan I	118	3	-	-
- Term loan II	1,321	1,562	1,643	1,531
- Term loan III	33	27	18	13
- Term loan IV	11,875	4,375	-	-
- Term loan V	-	28,213	18,538	-
- Term loan VI	-	-	4,502	3,293
- Term loan VII	-	-	2,760	2,017
- Term loan VIII	-	-	-	3,000
- Term loan IX	29,020	15,483	-	-

**11. FINANCIAL INFORMATION (Cont'd)**

	<b>Audited</b>			
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE Sep 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Lease liabilities:</u>				
- Hire purchase of motor vehicles	88	25	-	-
- Bareboat charter arrangements	-	8,667	8,040	5,216
- Tenancy agreements	-	110	-	1,191
<u>CRNCPS:</u>				
- Keyfield Offshore CRNCPS	-	15,563	-	-
- Keyfield CRNCPS	-	-	136,778	138,782
<u>Other loans and advances:</u>				
Maltiquest	-	3,098	2,000	-
Full Smart International Enterprises Limited	-	5,206	-	-
Sea Steel Sdn Bhd	-	-	-	39,165
Azulite Bloom Sdn Bhd	-	-	-	55,299
<b>Sub-total</b>	<b>42,455</b>	<b>82,332</b>	<b>174,279</b>	<b>249,507</b>
<b>Short-term portion:</b>				
<u>Borrowings:</u>				
- Term loan I	108	107	-	-
- Term loan II	-	-	41	65
- Term loan III	-	-	4	5
- Term loan IV	6,875	7,500	4,375	-
- Term loan V	-	13,702	9,672	21,762
- Term loan VI	-	-	1,464	1,566
- Term loan VII	-	-	897	960
- Term loan VIII	-	-	-	-
- Term loan IX	8,639	13,537	15,483	4,859
- Revolving credits	6,327	8,640	19,941	16,867
<u>Lease liabilities:</u>				
- Hire purchase of motor vehicle	42	53	19	-
- Bareboat charter arrangements	-	5,206	10,817	10,544
- Tenancy agreements	-	146	61	383
<u>CRNCPS:</u>				
- Keyfield CRNCPS	-	-	3,563	2,494
<u>Other loans and advances:</u>				
Sea Steel Sdn Bhd	-	-	-	3,944
Azulite Bloom Sdn Bhd	-	-	-	20,074
<b>Sub-total</b>	<b>21,991</b>	<b>48,891</b>	<b>66,337</b>	<b>83,523</b>
<b>Total</b>	<b>64,446</b>	<b>131,223</b>	<b>240,616</b>	<b>333,030</b>



**11. FINANCIAL INFORMATION (Cont'd)**

Our total outstanding borrowings as at 30 September 2023 are set out below:

<b>Type of borrowings</b>	<b>Purpose</b>	<b>Security</b>	<b>Tenure</b>	<b>Current interest rate per annum</b>	<b>Outstanding amount as at 30 September 2023</b>
				<b>%</b>	<b>RM'000</b>
Term loan I (Fully repaid) <sup>(1)</sup>	For working capital	-	-	-	-
Term loan II	To finance purchase of office unit at Pavilion Embassy	Charge over the property and personal guarantees of two Directors of Keyfield Offshore <sup>(2)(3)</sup>	25 years <sup>(4)</sup>	Base financing rate ("BFR") - 2.16% <sup>(5)</sup>	1,596
Term loan III	To finance Mortgage Reducing Term Takaful	Charge over the property and personal guarantees of two Directors of Keyfield Offshore <sup>(2)(3)</sup>	10 years	BFR - 2.16% <sup>(5)</sup>	18
Term loan IV	To finance purchase of LS1	Mortgage over LS1 and personal guarantees of two Directors <sup>(3)(6)</sup>	4 years	-	-
Term loan V (Fully repaid as at the LPD)	To finance purchase of Falcon	Unsecured	3 years and final bullet repayment of RM15.3 million in May 2024	1-month USD LIBOR + 2.5% <sup>(8)</sup>	21,762
Term loan VI	To refinance purchase of Kindness	Personal guarantees of two Directors <sup>(3)(6)</sup> of Keyfield Offshore, guarantee and charge over the vessel	4 years	BFR + 0.5% <sup>(9)</sup>	4,859
Term loan VII	To refinance purchase of Kindness	Personal guarantees of two Directors <sup>(3)(6)</sup> of Keyfield Offshore, guarantee and charge over the vessel	4 years	BFR + 0.5% <sup>(9)</sup>	2,977
Term loan VIII (Fully repaid as at the LPD)	For working capital	80% guarantee coverage by SJPP under the Pemulih Government Guarantee Scheme ("PGGS") of RM8,000,000, a joint and several guarantee by two of the directors of the Company and	5 years	BFR + 0.0%	3,000

**11. FINANCIAL INFORMATION (Cont'd)**

Type of borrowings	Purpose	Security	Tenure	Current interest rate per annum %	Outstanding amount as at 30 September 2023 RM'000
		Memorandum of Deposit and Letter of Set Off to be executed for Cash Collateral/Commodity Murabahah			
Term loan IX (Fully repaid as at the LPD)	To finance purchase of LS2	Mortgage over LS2, corporate guarantee by Keyfield Offshore and personal guarantees of two Directors <sup>(3)(6)</sup>	3 years	5.20%	4,859
Revolving credit	For working capital	Joint and several guarantees of two Directors <sup>(3)(6)</sup>	Payable on demand	COF + 1.75% <sup>(7)</sup>	16,867
Lease liabilities for hire purchase (Fully repaid)	To finance purchase of motor vehicle	Charge over the motor vehicle and personal guarantee of a Director <sup>(3)(10)</sup>	3 years	-	-
Lease liabilities for bareboat charter arrangements	Right-of-use assets for Helms 1 and Daya Indah Satu	Unsecured	2 years	4.88% <sup>(11)</sup>	5,216
Lease liabilities for bareboat charter arrangements	Right-of-use assets for Daya Ceria	Unsecured	2 years	5.89% <sup>(11)</sup>	10,544
Lease liabilities for tenancy agreements	Right-of-use assets for office premises	Unsecured	2 years	5.39% <sup>(11)</sup>	1,574
Keyfield CRNCPS <sup>(12)</sup>	To finance acquisitions of Grace, Keyfield Resolute and settle amount owing by Keyfield Resolute to Lavin Group	Unsecured	3	4.94% <sup>(11)</sup>	141,276
				<b>Sub-total</b>	<b>214,548</b>

**11. FINANCIAL INFORMATION (Cont'd)**

Type of borrowings	Purpose	Security	Tenure	Current interest rate per annum %	Outstanding amount as at 30 September 2023 RM'000
<b>Others</b>					
Shareholder's loan from Maltiquest (Fully repaid) <sup>(13)</sup>	To finance purchase of Falcon	Unsecured	3 years	5.0%	-
Instalment payment arrangement for acquisition of Helms 1	To finance purchase of Helms 1	Charge over Helms 1	2.5 years and final bullet repayment of RM35.5 million in September 2025	5.5%	43,109
Instalment payment arrangement for acquisition of Blooming Wisdom	To finance purchase of Blooming Wisdom	Charge over Blooming Wisdom	4 years	5.5%	75,373
<b>Total</b>					<b>330,030</b>

**Pro forma gearing (times)**

After Subsequent Events, issuance of Keyfield Shares and redemption of Keyfield CRNCPS and before the Public Issue <sup>(14)</sup>	0.6
After the Public Issue and utilisation of proceeds <sup>(15)</sup>	0.1

Notes:

- (1) Term loan from local financial institution drawn for working capital purposes. This facility has been fully repaid as at 31 December 2022.
- (2) Personal guarantee provided by Darren Kee and Kate Ooi.
- (3) We have received the approvals-in-principle from the respective financial institutions to remove the personal guarantees previously given as security, to be replaced by the corporate guarantee of our Company upon our successful IPO.
- (4) Includes grace period of 4 years.
- (5) BFR as at LPD is 6.82%.
- (6) Personal guarantees provided by Darren Kee and Mohd Erwan.
- (7) COF as at LPD is 3.68%.
- (8) 1-month USD London Interbank Offered Rate (LIBOR) as at LPD is 5.44%. This loan has been fully repaid as at the LPD.
- (9) BFR as at LPD is 6.67%.
- (10) Personal guarantee provided by Darren Kee, as required by the financial institution.
- (11) Computed based on comparable market instruments.
- (12) Shall be fully redeemed via issuance of IPO Shares and proceeds from the IPO as set out in Section 6.2.8(ii).

**11. FINANCIAL INFORMATION (Cont'd)**

- (13) Fully repaid in September 2023.
- (14) Computed based on the Pro Forma Consolidated Statements of Financial Position after the Subsequent Events, issuance of Keyfield Shares and redemption of Keyfield CRNCPS and before the Public Issue.
- (15) Computed based on the Pro Forma Consolidated Statements of Financial Position after the Subsequent Events and Public Issue and utilisation of IPO proceeds.

Our pro forma gearing ratio is expected to decrease from 0.6 times (before the Public Issue) to 0.1 times (after the Public Issue and utilisation of IPO proceeds) due to the increase in shareholders' funds arising from the issuance of new Shares pursuant to the Public Issue, redemption of Keyfield CRNCPS and repayment of bank borrowings, offset by the decrease in shareholders' funds arising from the listing expenses utilised.

As at the LPD, we do not have any borrowings which are non-interest bearing. We have not defaulted on payments of principal sums and/or interest in respect of any borrowings throughout the FYEs 2020 to 2022 and FPE Sep 2023 as well as the subsequent financial period up to the LPD.

As at the LPD, neither our Group nor our subsidiaries are in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan which can materially affect our financial position and results or business operations or the investments by holders of our securities.

From FYE 2020 to FYE 2022 and FPE Sep 2023, we have not experienced any claw back or reduction in the facilities limit granted to us by our lenders.

**11.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES**

As at the LPD, save for our borrowings as disclosed in Section 11.4 and as described below, we do not utilise any other financial instruments. We maintain foreign currency accounts to receive proceeds of our revenue in USD and payments to suppliers in USD and Singapore Dollars, where applicable.

We been financing our operations and acquisition of vessels mainly through a combination of the following:

- (i) Internally generated funds from our operations;
- (ii) External borrowings from licensed financial institutions which mainly comprise term loans and short-term working facilities as set out in Section 11.4 above;
- (iii) Issuance of Keyfield Offshore CRNCPS and Keyfield CRNCPS;
- (iv) Loans and advances from related parties as well as third parties; and
- (v) Instalment payment arrangements to the vendors of Blooming Wisdom and Helms 1, as disclosed in Section 11.5.1.

Loans and advances from related parties as well as third parties were primarily to finance the cost of shipbuilding and/or for acquisition of our vessels. Our Group operates in a highly capital-intensive industry where the capital outlay required is high. Given the nature of our business, financial institutions in Malaysia imposed stringent conditions before any financing facilities can be drawn down, including the requirements that the vessels must have obtained the required operating licences and for them to procure Chartering Contracts beforehand.

## 11. FINANCIAL INFORMATION (Cont'd)

As such, the loans and advances from related parties as well as third parties were to allow our Group to bridge the timeline between the shipbuilding and/or acquisition of vessels and the availability of such facilities.

As at the LPD, outstanding loans and advances from related parties and third parties as well as financial instruments are as follows:

No.	Source	Purpose/ Source of repayment	Initial amount RM'million	Amount outstanding as at LPD RM'million	Amount outstanding upon Listing and utilisation of listing proceeds RM'million
(a)	Loan from Positive Boom Limited (a third party) to Keyfield	Acquisition of Falcon/ Internally generated funds <sup>(1)</sup>	44.3	-	-
(b)	Issuance of Keyfield Endeavour CRCPS to Maltquest (a non-controlling shareholder of Keyfield Endeavour)	Acquisition of Falcon/ Internally generated funds	2.5	2.5	2.5
(c)	Shareholder's loan by Maltquest to Keyfield Endeavour	Acquisition of Falcon/ Internally generated funds <sup>(2)</sup>	3.0	-	-
(d)	Issuance of Keyfield CRNCPS to Lavin Group	Acquisition of Keyfield Resolute/ Note <sup>(3)</sup>	77.5	77.5	-
(e)	Issuance of Keyfield CRNCPS to Stratos Private Equity	Acquisition of Grace/ Note <sup>(3)</sup>	65.0	65.0	-
<b>Total</b>			<b>192.3</b>	<b>145.0</b>	<b>2.5</b>

Notes:

(1) Pursuant to a loan agreement dated 11 January 2021, Positive Boom Limited had loaned a sum of RM44.3 million to our Company. The sum was then advanced to Keyfield Endeavour for the acquisition of Falcon. This amount has been fully repaid in October 2023.

(2) This amount has been fully repaid in September 2023.

(3) The amounts stated refers to the nominal value of the Keyfield CRNCPS. These shall be fully redeemed via issuance of IPO Shares and proceeds from the IPO as set out in Section 6.2.8(ii).

**11. FINANCIAL INFORMATION (Cont'd)**

Upon the completion of the Listing, loans and advances from related parties and third parties shall reduce to RM2.5 million. It is further envisaged that our Group will no longer rely on loans and advances from related parties as well as third parties as one of the sources of financing, as we would have access to funds from the capital markets, and we are also expected to be on a firmer financial footing as our pro forma gearing ratio is expected to decrease from 0.6 times (before the Public Issue) to 0.1 times (after the Public Issue and utilisation of IPO proceeds), resulting from the increase in our shareholder's funds and reduction in our borrowings.

**11.5.1 Other financing arrangements**

On 7 April 2023, Keyfield Offshore had entered into 2 separate agreements to acquire Blooming Wisdom and Helms 1 respectively. The respective purchase considerations are shown in the table below:

	<b>Blooming Wisdom RM'million</b>	<b>Helms 1 RM'million</b>
Cash purchase price	85.0	45.0
Finance charges <sup>(1)</sup>	9.9	5.5
Total purchase consideration	94.9	50.5

Note:

- (1) The finance charges are charged on a reducing balance method over the instalment period below.

Under the terms of the agreements, Keyfield Offshore is to repay the vendors of the above two vessels via the following:

- (i) For Blooming Wisdom, the total purchase consideration is payable over 48 monthly instalments of RM1.98 million; and
- (ii) For Helms 1, the total purchase consideration is payable over 29 monthly instalments of RM0.52 million and a final instalment of RM35.5 million.

As at the LPD, the amounts owing to the vendors of Blooming Wisdom and Helms 1 are RM67.1 million and RM41.5 million respectively, before taking into consideration the finance charges, which are charged to our Statement of Comprehensive Income on a monthly basis. Keyfield Offshore shall have the option to fully settle the outstanding balance purchase consideration earlier at any time. Should Keyfield Offshore choose to do so, the vendors shall grant Keyfield Offshore a reduction in finance charge corresponding with the date of such early settlement.

As part of our IPO, we intend to utilise part of the IPO proceeds to partially settle the balance purchase consideration to the vendors. Please refer to Section 4.10 for further information.

## 11. FINANCIAL INFORMATION (Cont'd)

### 11.6 MATERIAL CAPITAL COMMITMENTS, MATERIAL LITIGATION AND CONTINGENT LIABILITY

#### 11.6.1 Material capital commitments

As at the LPD, we do not have any material capital commitments incurred or known to be incurred by us that may have a material and adverse impact on our results of operations or financial position.

#### 11.6.2 Material litigation

We are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and there are no proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our position or business as at the LPD.

#### 11.6.3 Contingent liability

There are no contingent liabilities incurred by us or our subsidiary, which upon becoming enforceable, may have a material effect on our financial position or our subsidiaries as at the LPD.

### 11.7 KEY FINANCIAL RATIOS

	<b>Audited</b>			
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE Sep 2023</b>
Trade receivables turnover period (days) <sup>(1)</sup>	124	114	118	103
Trade payables turnover period (days) <sup>(2)</sup>	119	100	100	81
Inventories turnover period (days) <sup>(3)</sup>	2	4	5	3
Current ratio (times) <sup>(4)</sup>	1.3	0.9	1.1	1.4
Gearing ratio (times) <sup>(5)</sup>	0.5	0.9	1.3	1.3

Notes:

- (1) Computed based on the average trade receivables over the revenue for the respective FYEs/FPE Sep 2023, multiplied by 365 days for FYEs and 273 days for FPE Sep 2023.
- (2) Computed based on the average trade payables over the cost of sales (excluding vessel and vessel equipment depreciation as well as right-of-use assets depreciation) for the respective FYEs/FPE Sep 2023, multiplied by 365 days for FYEs and 273 days for FPE Sep 2023.
- (3) Computed based on the average inventories over the cost of sales (excluding vessel and vessel equipment depreciation as well as right-of-use assets depreciation) for the respective FYEs/FPE Sep 2023, multiplied by 365 days for FYEs and 273 days for FPE Sep 2023.
- (4) Computed based on total current assets over total current liabilities as at the respective FYEs and FPE Sep Under Review.
- (5) Computed based on all interest-bearing borrowings over NA attributable to owners of the Company as at the respective FYEs and FPE Sep Under Review.

## 11. FINANCIAL INFORMATION (Cont'd)

### 11.7.1 Trade receivables turnover period

	<b>Audited</b>			
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE Sep 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Opening trade receivables	28,604	22,660	64,889	88,008
Closing trade receivables	22,660	64,889	88,008	147,392
Average trade receivables	25,632	43,775	76,449	117,700
Revenue	75,231	139,756	236,204	310,918
Average trade receivables turnover period (days)	124	114	118	103

Our trade receivables consist of amounts receivable from our customers from the time-charter and catering and other services provided in relation to vessels. Our trade receivables credit terms can be categorised as follows:

- (i) Invoices with fixed credit terms, ranging from 30 to 120 days. Such terms apply to PCSB, PACs, oil and gas contractors and offshore support vessel owners; and
- (ii) Invoices without fixed credit terms, whereby our customers will pay us on a back-to-back basis as and when they receive payments from their customers. Such terms which are common in our industry apply to oil and gas contractors and offshore support vessel owners and are usually longer than those in (i) above.

The summary of our Group's revenue invoices and credit terms are as follows:

	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE Sep 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Invoices with fixed credit terms	48,178	104,727	204,689	276,050
Invoices without fixed credit terms	27,053	35,029	31,515	34,868
<b>Total</b>	<b>75,231</b>	<b>139,756</b>	<b>236,204</b>	<b>310,918</b>
% of sales with fixed credit terms	64.0	74.9	86.7	88.8
% of sales without fixed credit terms	36.0	25.1	13.3	11.2

Keyfield Offshore obtained the PETRONAS licence in 2018 and was awarded LOAs For Umbrella Contract, enabling us to directly participate in tenders by PCSB and other PACs, from 2019 onwards. The gradual decrease in the proportion of our Group's trade receivables without fixed credit terms from FYE 2020 to FYE 2022 was due to the following:

- (i) The LOAs For Umbrella Contracts and Umbrella Contracts by PCSB and PACs allowed us to expand our customer base to PCSB and PACs, who are generally larger and more reputable companies with fixed credit terms; and
- (ii) We have built up our track record in the industry, which accorded us with better negotiating position when negotiating credit payment terms with our customers.

Our average trade receivables turnover days for FYEs and FPE Sep Under Review were 124 days, 114 days, 118 days and 103 days respectively.



**11. FINANCIAL INFORMATION (Cont'd)**

Our average trade receivables turnover days for FYE 2021 and FYE 2022 decreased to 114 days and 118 days respectively from 124 days in FYE 2020 as there was a higher proportion of trade receivables from PCSB/PACs with shorter credit terms as well as a lower proportion of customers who were on back-to-back payment terms in FYE 2021 and FYE 2022. Customers such as PCSB and PACs has shorter credit terms and as such pay us within a shorter period of time as compared to customers who were on back-to-back payment terms.

Our average trade receivables turnover days for FPE Sep 2023 decreased to 103 days as mainly as there was a higher proportion of revenue from PCSB/PACs with shorter credit terms and as such pay us within a shorter period of time as compared to customers who are on back-to-back payment terms.

The ageing analysis of our trade receivables as at 30 September 2023 are as follows:

	<b>Exceeding credit period</b>						<b>Total</b>
	<b>Without credit terms<sup>(1)</sup></b>	<b>Within credit terms</b>	<b>1 to 30 days past due</b>	<b>31 to 60 days past due</b>	<b>61 - 90 days past due</b>	<b>More than 90 days past due</b>	
Gross trade receivables (RM'000)	23,308	82,148	13,907	17,172	4,918	14,555	156,008
Less: Allowance for impairment losses (RM'000)	-	-	-	-	-	<sup>(2)</sup> (8,616)	(8,616)
Net trade receivables (RM'000)	23,308	82,148	13,907	17,172	4,918	5,939	147,392
% of total net trade receivables (%)	15.8%	55.7%	9.4%	11.7%	3.4%	4.0%	100.0%
Subsequent collections up to the LPD (RM'000)	23,291	81,091	13,907	17,172	4,918	5,782	146,161
Trade receivables net of subsequent collections as at the LPD (RM'000)	17	1,057	-	-	-	157	1,231
% of trade receivables net of subsequent collections as at the LPD to total trade receivables net of subsequent collections (%)	1.4%	85.9%	-	-	-	12.7%	100.0%

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**11. FINANCIAL INFORMATION (Cont'd)**

Notes:

- (1) The ageing analysis of trade receivables as at 30 September 2023 without fixed credit terms is as follows:

	<b>Ageing of trade receivables without fixed credit terms</b>					<b>Total</b>
	<b>1 to 30 days</b>	<b>31 to 60 days</b>	<b>61 - 90 days</b>	<b>91-120 days</b>	<b>More than 120 days</b>	
Trade receivables without credit terms (RM'000)	7,418	6,744	6,025	3,109	12	23,308
% of total trade receivables without credit terms (%)	31.8%	28.9%	25.9%	13.3%	0.1%	100.0%
Subsequent collections up to the LPD (RM'000)	7,407	6,744	6,023	3,109	8	23,291
Trade receivables without credit terms net of subsequent collections as at the LPD (RM'000)	11	-	2	-	4	17
% of trade receivables without credit terms net of subsequent collections as at the LPD to total trade receivables without credit terms net of subsequent collections (%)	64.7%	-	11.8%	-	23.5%	100%

- (2) The amount of RM8.6 million refers to the trade receivable due from Sapura Pinewell. We have made an allowance for impairment loss for the full amount due from Sapura Pinewell due to the reasons as disclosed in Section 11.2.2(x) above.

As at 30 September 2023, our total net trade receivables stood at approximately RM147.4 million, of which approximately RM41.9 million or 28.4% of our trade receivables exceeded the normal credit period.

As at LPD, we have collected approximately RM146.2 million representing 99.2% of our total net trade receivables as at 30 September 2023.

Our management closely monitors the recoverability of our overdue trade receivables on a regular basis, and when appropriate, provides for specific impairment of these trade receivables. Our Group also provides for allowance for impairment losses when the need arises.

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**11. FINANCIAL INFORMATION (Cont'd)****11.7.2 Trade payables turnover period**

	<b>Audited</b>			
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE Sep 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Opening trade payables	19,213	13,638	33,923	33,719
Closing trade payables	13,638	33,923	33,719	51,500
Average trade payables	16,426	23,781	33,821	42,610
Cost of sales (excluding vessel and vessel equipment depreciation as well as right-of-use assets depreciation)	50,335	86,738	123,117	142,652
Average trade payables turnover period (days)	119	100	100	81

Our trade payables consist of amounts payable to our suppliers for the chartering of third party vessels, food and beverage provisions, spare parts and consumables and various other purchases as disclosed in Section 6.10. During the FYEs and FPE Sep Under Review and up to the LPD, we did not experience any disruption in supply of goods and services from any of our suppliers.

The credit terms provided by our suppliers can be categorised as follows:

- (i) Invoices with fixed credit terms, ranging from 30 to 60 days. Such terms apply to third party vessel owners, food and beverage provisions, spare parts and consumables and various other purchases; and
- (ii) Invoices without fixed credit terms, whereby we will pay our suppliers on a back-to-back basis as and when we receive payments from our customers. Such terms apply to certain third party vessel owners, and are usually longer than those in (i) above.

The summary of our Group's purchases invoices and credit terms are as follows:

	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE Sep 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
	Invoices with fixed credit terms	26,712	47,900	65,051
Invoices without fixed credit terms	18,713	26,989	34,696	49,750
<b>Total</b>	<b>45,425</b>	<b>74,889</b>	<b>99,747</b>	<b>119,091</b>
% of purchases with fixed credit terms	58.8	64.0	65.2	58.2
% of purchases without fixed credit terms	41.2	36.0	34.8	41.8

Our average trade payables turnover days for FYEs and FPE Sep under review were 119 days, 100 days, 100 days and 81 days respectively which is higher than the normal credit terms as between 29.7% to 41.2% of our purchases are without fixed credit terms.

**11. FINANCIAL INFORMATION (Cont'd)**

Our average trade payables turnover days for FYE 2021 and FYE 2022 decreased to 100 days from 119 days in FYE 2020 as there was a lower proportion of suppliers who were on back-to-back payment terms in FYE 2021 and FYE 2022. Further, the proportion of payables consisting of third party vessel owners decreased in FYE 2021 and FYE 2022 as compared to FYE 2020, in tandem with the lower proportion of cost of sales from this segment. The payment to third party vessel owners who were on back-to-back payment terms were longer than the credit period for other types of cost of sales such as vessel maintenance and operation costs.

Our average trade payables turnover days for FPE Sep 2023 decreased to 81 days, as we had paid our trade payables who were on back-to-back payment terms within a shorter period in FPE Sep 2023, in line with the shorter average trade receivables turnover period in FPE Sep 2023, as explained above.

The ageing analysis of our trade payables as at 30 September 2023 are as follows:

	Without credit terms	Within credit terms	Exceeding credit period				Total
			1 to 30 days past due	31 to 60 days past due	61 - 90 days past due	More than 90 days past due	
Trade payables (RM'000)	31,387	13,082	3,931	2,485	241	374	51,500
% of total trade payables (%)	61.0%	25.4%	7.6%	4.8%	0.5%	0.7%	100.0%
Subsequent payments up to the LPD (RM'000)	30,422	12,932	3,931	2,485	241	366	50,377
Trade payables net of subsequent payments (RM'000)	965	150	-	-	-	8	1,123
% of trade payables net of subsequent payments to total trade payables net of subsequent payments (%)	85.9%	13.4%	-	-	-	0.7%	100.0%

As at 30 September 2023, our total trade payables stood at approximately RM51.5 million, of which approximately RM7.0 million or 13.6% of our trade payables exceeded the normal credit period. As at the LPD, we have settled approximately RM50.2 million or 97.5% of our trade payables which were outstanding as at 30 September 2023.

As at the LPD, there is no dispute in respect of trade payables and no legal action initiated by our suppliers to demand for payment.

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**11. FINANCIAL INFORMATION (Cont'd)****11.7.3 Inventories turnover period**

	<b>Audited</b>			
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE Sep 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Opening inventories	336	480	1,701	2,141
Closing inventories	480	1,701	2,141	1,392
Average inventories	408	1,091	1,921	1,767
Cost of sales (excluding vessel and vessel equipment depreciation as well as right-of-use assets depreciation)	50,335	86,738	123,117	142,652
Average inventories turnover period (days)	2	4	5	3

Our Group's inventories consist of consumables which is mainly marine gas oil which is a consumable used in our operations. Other items such as food and beverage provisions and spare parts are expensed off in the year in which they are incurred. As such, inventories do not form a material item in our current assets.

**11.7.4 Current ratio**

	<b>Audited</b>			
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE Sep 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current assets	58,946	90,103	114,220	194,586
Current liabilities	45,796	95,837	107,607	141,168
Net current assets/(liabilities)	13,150	(5,734)	6,613	53,418
Current ratio (times)	1.3	0.9	1.1	1.4

**Comparison between 31 December 2020 and 31 December 2021**

Our current ratio decreased from 1.3 times as at 31 December 2020 to 0.9 times as at 31 December 2021.

The increase in current liabilities was mainly due to the following:

- (i) Increase in current portion of borrowings by RM21.6 million, mainly due to vessel financing for LS2 and Falcon which were drawdown in December 2020 and January 2021 respectively;
- (ii) Increase in trade and other payables by RM23.0 million, in line with the increase in cost of sales in FYE 2021; and
- (iii) Increase in current portion of lease liabilities by RM5.4 million, for the right-of-use asset in respect of the bareboat charter of Helms 1 for a period exceeding 1 year.

**11. FINANCIAL INFORMATION (Cont'd)**

Nevertheless, we recorded an increase in current assets was mainly due to the increase in trade and other receivables by RM32.4 million. This is mainly due to increase in revenue for FYE 2021 and reclassification of previous year's deposit for Falcon being reclassified to property, plant and equipment as Falcon had been delivered to us in February 2021.

**Comparison between 31 December 2021 and 31 December 2022**

Our current ratio increased from 0.9 times as at 31 December 2021 to 1.1 times as at 31 December 2022.

The increase in current assets was mainly due to the increase in trade and other receivables by RM21.3 million, resulting from the increase in revenue for FYE 2022.

Nevertheless, we recorded an increase in current liabilities mainly due to the following:

- (i) Increase in current portion of borrowings by RM8.4 million, as we drawdown on our revolving credit facilities to finance our working capital and the increase in current portion of borrowings for vessel financing of Kindness, which was drawdown in September 2022;
- (ii) Increase in current portion of lease liabilities by RM5.5 million, for the additional right-of-use asset in respect of the bareboat charter of Daya Indah Satu for a period exceeding 1 year; and
- (iii) Decrease in other payables by RM5.6 million, resulting from the repayment of shareholder's advance of RM4.2 million to Lavin Group and lower deposits received from our customers by RM1.5 million for chartering of LS2 and Falcon.

These deposits were only in respect of certain customers, i.e. in the case of LS2, it was from a new customer which we had no prior business dealings and the deposit represented the entire value of the Chartering Contract. As for Falcon, the deposit was from the Sapura Group and the amount represented the mobilisation fees charged plus DCR for the period of the charter. We do not require deposits from all of our customers.

**Comparison between 31 December 2022 and 30 September 2023**

Our current ratio increased to 1.4 times as at 30 September 2023. The movement in our current ratio is mainly due to the following:

- (i) Increase in trade receivables by RM59.4 million which corresponds with the increase in revenue as explained in Section 11.2.3.8(i), where such trade receivables had yet to be received as at end of FPE Sep 2023 as it is still within the credit period;
- (ii) Increase in our cash and bank balances by RM19.6 million, resulting from net cash inflows as explained in Section 11.3.2;
- (iii) Increase in trade payables by RM17.8 million, resulting from the higher cost of sales as explained in Section 11.2.3.8(ii);
- (iv) Increase in other payables by RM22.7 million mainly due to the current portion of payables to the vendors of Blooming Wisdom and Helms 1, whereby the purchase considerations are to be repaid in instalments, offset by repayment to Maltiquest of RM2.0 million; and

**11. FINANCIAL INFORMATION (Cont'd)**

- (v) Decrease in borrowings by RM5.8 million due to repayments of borrowings offset by the reclassification of current portion of term loans taken to finance LS2 and Falcon as their respective tenures will end within 12 months from 30 September 2023.

**11.7.5 Gearing ratio**

	<b>Audited</b>			
	<b>FYE</b>	<b>FYE</b>	<b>FYE</b>	<b>FPE Sep</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Borrowings	64,316	93,149	79,338	55,938
Lease liabilities <sup>(1)</sup>	130	14,207	18,937	17,334
CRNCPS <sup>(2)</sup>	-	15,563	140,341	141,276
Loan from Maltiquest	-	3,098	2,000	-
Loan from Full Smart International Enterprises Limited	-	5,206	-	-
Amounts due to vendors of Blooming Wisdom and Helms 1 <sup>(3)</sup>	-	-	-	118,482
<b>Total interest-bearing instruments</b>	<b>64,446</b>	<b>131,223</b>	<b>240,616</b>	<b>333,030</b>
<b>NA attributable to the owners of the Company</b>	<b>123,732</b>	<b>141,291</b>	<b>187,972</b>	<b>266,276</b>
	<b>times</b>	<b>times</b>	<b>times</b>	<b>times</b>
Gearing ratio <sup>(4)</sup>	0.5	0.9	1.3	1.3

**Notes:**

- (1) Lease liabilities in FYE 2021, FYE 2022 and FPE Sep 2022 are mainly in respect of right-of-use assets for the bareboat charters of Helms 1 and Daya Indah Satu, while lease liabilities for FPE Sep 2023 are mainly in respect of right-of-use assets for the bareboat charters of Daya Indah Satu and Daya Ceria. Such bareboat charters, which are for a period exceeding 1 year, are computed in accordance with MFRS 16. The interest rate for such lease liabilities is computed based on comparable market instruments.
- (2) CRNCPS in FYE 2021 and FPE Sep 2022 refers to Keyfield Offshore CRNCPS issued to finance the acquisition of Kindness, which was subsequently fully redeemed in FYE 2022. CRNCPS in FYE 2022, FPE Sep 2022 and FPE Sep 2023 refers to Keyfield CRNCPS which were issued to finance the acquisition of Grace and Keyfield Resolute as well as to settle the amount owing by Keyfield Resolute to Lavin Group, and is stated at its fair value.
- (3) Our Group acquired Blooming Wisdom and Helms 1 on 7 April 2023 with the purchase consideration to be paid to the vendors via instalments and which are subject to finance charges. Therefore, the balance purchase consideration are interest-bearing instruments.
- (4) Gearing ratio is computed by dividing the total interest-bearing instruments over NA attributable to the owners of the Company.

**11. FINANCIAL INFORMATION (Cont'd)****Comparison between 31 December 2020 and 31 December 2021**

Our gearing ratio increased from 0.5 times as at 31 December 2020 to 0.9 times as at 31 December 2021. Such increase was mainly due to the following:

- (i) Increase in borrowings by RM28.8 million, mainly due to vessel financing for LS2 and Falcon which were drawdown in December 2020 and January 2021 respectively, less repayments made during the financial year;
- (ii) Increase in lease liabilities by RM14.1 million, for the right-of-use asset in respect of the bareboat charter of Helms 1 for a period exceeding 1 year; and
- (iii) Increase in CRNCPS by RM15.6 million, in respect of Keyfield Offshore CRNCPS issued in FYE 2021 to finance the acquisition of Kindness.

**Comparison between 31 December 2021 and 31 December 2022**

Our gearing ratio increased from 0.9 times as at 31 December 2021 to 1.3 times as at 31 December 2022. Such increase was mainly due to the following:

- (i) Increase in CRNCPS by RM124.8 million, as we had issued Keyfield CRNCPS in FYE 2022 to finance the acquisitions of Grace and Keyfield Resolute as well as to settle the amount owing by Keyfield Resolute to Lavin Group, and is stated at its fair value. We had fully redeemed Keyfield Offshore CRNCPS in FYE 2022;
- (ii) Increase in lease liabilities by RM4.7 million for the additional right-of-use asset in respect of the bareboat charter of Daya Indah Satu for a period exceeding 1 year, less repayments made during the financial year; and
- (iii) The increase was offset by the decrease in borrowings by RM13.8 million as we had made repayments towards our vessel financing borrowings for LS1, LS2, Falcon. In FYE 2022, we had drawdown on a vessel financing for Kindness and on our revolving credit facilities.

**Comparison between 31 December 2022 and 30 September 2023**

Our gearing ratio remains at 1.3 times for FPE Sep 2023. The main movements in the components of interest-bearing instruments are as follows:

- (i) Decrease in borrowings by RM23.4 million, as explained below:

	<b><u>FYE 2022</u></b>	<b><u>FPE Sep 2023</u></b>	<b><u>Change</u></b>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
Revolving credits	19,941	16,867	(3,074)
Term loan for working capital	-	3,000	3,000
Term loan for investment property	1,684	1,596	(88)
Term loan for Mortgage Reducing Term Takaful	22	18	(4)
Term loan to finance acquisition of LS1	4,375	-	(4,375)
Term loan to finance acquisition of LS2	15,483	4,859	(10,624)
Term loan to finance acquisition of Falcon	28,210	21,762	(6,448)
Term loans to refinance acquisition of Kindness	9,623	7,836	(1,787)
<b>Total</b>	<b><u>79,338</u></b>	<b><u>55,938</u></b>	<b><u>(23,400)</u></b>



**11. FINANCIAL INFORMATION (Cont'd)**

The material movements in borrowings are as follows:

- (a) Decrease in revolving credits by RM3.1 million, which was offset by the increase in term loan for working capital by RM3.0 million, as both these facilities are for working capital purposes;
- (b) Decrease in term loan to finance acquisition of LS1 by RM4.4 million, which was fully repaid in July 2023;
- (c) Decrease in term loan to finance acquisition of LS2 by RM10.6 million, due to monthly repayments in FPE Sep 2023 and which was subsequently fully repaid in December 2023;
- (d) Decrease in term loan to finance acquisition of Falcon by RM6.4 million, due to monthly repayments in FPE Sep 2023 and which was subsequently fully repaid in October 2023; and
- (e) Decrease in term loans to refinance acquisition of Kindness by RM1.8 million, due to monthly repayments in FPE Sep 2023.

We had subsequently fully repaid all revolving credits in November 2023 and term loan for working capital in October 2023.

- (ii) Decrease in loan from Maltiquest by RM2.0 million, as we had fully repaid this amount in September 2023;
- (iii) Decrease in lease liabilities by RM1.6 million due to derecognition of lease liabilities for Helms 1 as we had acquired this vessel in April 2023 as well as lease repayments for Daya Indah Satu, offset by recognition of lease liabilities for Daya Ceria for which the bareboat charter commenced in July 2023;
- (iv) Increase in the amount due to vendors of Blooming Wisdom and Helms 1 by RM118.5 million as we had acquired these two vessels in April 2023 for total purchase consideration of RM130.0 million via instalment repayments method, less instalment payments made; and
- (v) Increase in Keyfield CRNCPS by RM1.0 million due to accretion of interest on Keyfield CRNCPS in FPE Sep 2023.

Meanwhile, NA attributable to owners of the Company increased by RM78.3 million arising from PAT attributable to owners of the Company of RM83.4 million recorded during FPE Sep 2023, offset by dividends paid of RM5.0 million in FPE Sep 2023.

**11.8 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES**

There were no government, economic, fiscal or monetary policies or factors which have materially affected our financial performance during the FYEs and FPE Sep Under Review.

There is no assurance that our financial performance will not be adversely affected by the impact of further changes in government, economic, fiscal or monetary policies or factors moving forward. Risks relating to government, economic, fiscal or monetary policies or factors which may adversely and materially affect our operations are set out in Section 8.

**11. FINANCIAL INFORMATION (Cont'd)****11.9 IMPACT OF INFLATION**

The Board is of the view that the current inflation rate does not have a material impact on our business, financial condition or results of our operation. However, any significant increase in future inflation may adversely affect our Group's operations and performance insofar as we are unable to pass on the higher costs to our customers through increase in selling prices.

**11.10 IMPACT OF FOREIGN EXCHANGE RATES AND/OR INTEREST RATES****11.10.1 Impact of foreign exchange rates**

Currently, our business operations are concentrated in Malaysia and therefore our transactions are mainly denominated in RM whilst our purchase of vessels, purchase of consumables as well as spare parts and equipment from overseas are generally denominated in USD.

In FYE 2021, we have expanded our operations to outside Malaysia and therefore recorded revenue in FYE 2021 and FYE 2022 from one customer (from Philippines) as well as and FPE Sep 2023 from one customer (from Thailand), which were denominated in USD, amounting to 6.6%, 1.7% and 0.2% of our total revenue in the respective years/period. Since the end of FPE Sep 2023 and up to the LPD, we recorded revenue denominated in USD amounting to RM5.7 million. Further, we may expand our operations to outside Malaysia in the future if the opportunity arises and we are successful in securing overseas Chartering Contract(s), we may have revenue and trade receivables denominated in foreign currencies in the future.

For the past 3 FYEs 2020 to 2022 and FPE Sep 2023, our gain and losses from the foreign exchange fluctuations are as follows:

	<b>Audited</b>			
	<b>FYE</b>	<b>FYE</b>	<b>FYE</b>	<b>FPE Sep</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Gain on foreign exchange:				
- Realised	2,450	329	320	137
- Unrealised	236	39	-	154
(Loss) on foreign exchange:				
- Realised	(*)	(264)	(1,161)	(174)
- Unrealised	(696)	(115)	-	(75)
<b>Net (loss) / gain on foreign exchange</b>	<b>1,990</b>	<b>(11)</b>	<b>(841)</b>	<b>42</b>

Note:

\* Negligible.

The gains/(losses) on foreign exchange are due to the following:

- (i) For unrealised gains/(losses) on foreign exchange, these arise from the retranslation of all monetary assets and liabilities (such as receivables, payables and cash and bank balances) denominated in foreign currency to the year/period end spot foreign exchange rate, as compared to the actual foreign currency rate used at the time when the transaction arose; and

**11. FINANCIAL INFORMATION (Cont'd)**

- (ii) For realised gains/(losses) on foreign exchange, these arise from the difference between foreign exchange rates for all monetary assets and liabilities (such as receivables, payables and cash and bank balances) in which these are crystallised into RM, as compared to the actual foreign currency rate used at the time when the transaction arose.

In FYE 2020, there were gains on foreign exchange of RM2.7 million. This arose from mainly from gain on foreign exchange of RM2.1 million due to the capitalisation of advances amounting to USD8.6 million (equivalent to RM36.9 million) from WCL and Lavin Group (which were denominated in USD) but were capitalised into our Shares (denominated in RM) and repayment of the balance USD7.8 million (equivalent to RM31.6 million) to Lavin Group in December 2020, and RM0.6 million arising from the re-translation of an amount due by Keyfield Offshore into RM by Keyfield Marine Limited, whose financial statements were denominated in USD.

Meanwhile, unrealised foreign exchange losses of RM0.7 million arose from the translation of USD-denominated bank balances as at the year-end.

We did not record any material gains/loss on foreign exchange during FYE 2021.

In FYE 2022, there were gains on foreign exchange of RM0.3 million which mainly arose from translation of trade receivables denominated in USD. Meanwhile, there were losses on foreign exchange of RM1.2 million which mainly arose from translation of trade payables denominated in USD.

In FPE Sep 2023, there were gains on foreign exchange of RM0.3 million which mainly arose from translation of trade receivables denominated in USD. Meanwhile, there were losses on foreign exchange of RM0.2 million which mainly arose from translation of trade payables denominated in USD.

As at 30 September 2023, the amount of trade receivables and trade payables denominated in foreign currencies for our Group were RM0.5 million and RM1.0 million respectively. This constituted 0.3% of our total trade receivables (net of impairment losses) and 1.9% of total trade payables respectively, with the balance denominated in RM.

Our Group does not hedge our exposure to fluctuations in foreign currency exchange rates. As at the LPD, we do not have any unfulfilled foreign exchange contracts. As such, we are subject to foreign exchange fluctuation risk for the purchase of our consumables, spare parts and equipment and revenue from our existing and potential foreign projects. As at the LPD, other than a third party vessel which we have chartered to a customer in the Malaysia-Thailand joint development area, all of our operations are in Malaysia. In view of this, we do not have a significant foreign currency exchange risk.

**11.10.2 Impact of interest rates**

Interest coverage ratio measures the number of times a company can make its interest payments with its profit before interest and income tax expense. The interest coverage ratio for the past financial years and period under review is as follows:

	<b>Audited</b>			
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE Sep 2023</b>
EBIT (RM'000)	18,831	28,630	66,344	124,830
Finance costs (RM'000)	1,358	3,723	8,722	10,710
Interest coverage ratio (times) <sup>(1)</sup>	13.9	7.7	7.6	11.7

**11. FINANCIAL INFORMATION (Cont'd)**

Note:

(1) Computed based on EBIT over finance costs.

Our interest coverage ratio ranges between 7.6 times to 13.9 times for the FYEs and FPE Sep Under Review, indicating that our Group has been able to generate sufficient profits before interest and tax to meet our interest serving obligations. Our interest coverage ratio decreased from 13.9 times in FYE 2020 to 7.7 times and 7.6 times respectively in FYE 2021 and FYE 2021 due to the increase in various interest-bearing instruments to finance the growth of our Group, including for the acquisitions of our own vessels. Our interest coverage ratio increased to 11.7 times in FPE Sep 2023 due to the increase in our EBIT being proportionately higher than the increase in finance costs.

Our Group's financial results for the financial years and period under review were not materially affected by fluctuations in interest rates. However, any major increase in interest rates would raise our finance cost which will have an adverse effect on the performance of our Group.

**11.11 ORDER BOOK**

As at LPD, our order book in respect of secured Chartering Contracts is shown in the table below.

	<b>Estimated remaining revenue to be recognised in FYE 2024</b>	<b>Estimated remaining revenue to be recognised in FYE 2025</b>	<b>Estimated remaining revenue to be recognised in FYE 2026 and beyond<sup>(1)</sup></b>	<b>Total remaining estimated revenue to be recognised</b>
	<b>RM'million</b>	<b>RM'million</b>	<b>RM'million</b>	<b>RM'million</b>
- In respect of own vessels	269.3	135.3	143.0	547.6
- In respect of third party vessels	87.6	15.7	11.7	115.0
<b>Total</b>	<b>356.9</b>	<b>151.0</b>	<b>154.7</b>	<b>662.6</b>

Note:

(1) The estimated revenue to be recognised in FYE 2026 and beyond refers to the Chartering Contract which we have secured for 3 own vessels namely Kindness, Blooming Wisdom and Helms 1 and 1 third party vessel namely Nadira, for Chartering Contracts which are for a period of 3 years commencing May 2023, April 2024, May 2024 and September 2023 respectively.

In the event we lose our PETRONAS licence, all existing Chartering Contracts with PCSB and PACs will be terminated and our vessels will be off-hire. Nevertheless, we may continue to carry out existing Chartering Contracts with oil and gas contractors and offshore support vessel owners as our PETRONAS licence is a pre-requisite only at the bidding for contract stage for oil and gas contractors, and our Chartering Contracts do not provide for any termination due to the loss of our PETRONAS licence. The PETRONAS licence is not a pre-requisite for Chartering Contracts with offshore support vessels owners.

## **11. FINANCIAL INFORMATION (*Cont'd*)**

### **11.12 TREND INFORMATION**

Based on our track record for the past FYEs and FPE Sep Under Review, including our segmental analysis of revenue and profitability, the following trends are noted:

- (i) The proportion of revenue and profit generated from our own vessels have been increasing in the FYE Under Review. With the acquisition of 3 additional own vessels in FYE 2023, namely Lestari, Blooming Wisdom and Helms 1 and the acquisition of IMS Aman in January 2024, we expect this trend to continue;
- (ii) The majority of our revenue was derived locally and we expect this trend to continue. Nevertheless, we may earn revenue from outside Malaysia should the opportunity arise; and
- (iii) Our top 5 major customers contributed more than 70% of our Group's revenue. We expect this trend to continue. Further, we expect the proportion of revenue contributed by PCSB to be higher in FYE 2023 as compared to FYE 2022 as we have obtained more Chartering Contracts from PCSB.

As at LPD, after all reasonable enquiries, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

- (a) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in Section 11.2;
- (b) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Section 11.2;
- (c) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been discussed in Section 11.2; and
- (d) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not necessarily indicative of the future financial performance and position other than those discussed in Section 11.2.

Our Board is optimistic about the future prospects of our Group given our Group's competitive strengths set out in Section 6.8 and our Group's intention to implement the business strategies as set out in Section 6.19.

### **11.13 DIVIDENDS**

We target a pay-out ratio of at least 20.0% of our net profit attributable to the owners of our Company for each financial year on a consolidated basis after taking into account the working capital, maintenance capital and committed capital requirements of our Group.

The declaration and payments of any dividend is subject to the discretion of our Board as well as any applicable law, licence conditions and contractual obligations and provided that such distribution will not be detrimental to our Group's cash requirements or any plans approved by our Board.

**11. FINANCIAL INFORMATION (Cont'd)**

As we are an investment holding company, our ability to pay dividends is dependent on our subsidiaries, which in turn will depend on:

- (i) Their financial performance and condition;
- (ii) Their working capital needs and availability of cash;
- (iii) Their capital expenditure and business expansion plans;
- (iv) The covenants in our subsidiaries' existing loan agreements; and
- (v) The general economic and business conditions and such other relevant factors.

In addition, we may only make a distribution to our shareholders if we comply with the requirements as set out in Sections 131 and 132 of the Act, which require:

- (i) Our distribution to be made out of profits available; and
- (ii) Our Group is solvent and able to pay our debts as and when they become due within 12 months immediately after our distribution.

Save for the following banking restrictive covenants which our subsidiaries are subject to, there are no legal, financial, or economic restriction on the ability of our subsidiaries to transfer funds to us in the form of cash dividends, loans or advances as at the LPD:

- (i) Prior written consents of RHB Bank Berhad, Alliance Islamic Bank Berhad, United Overseas Bank (Malaysia) Bhd and Small Medium Enterprise Development Bank Malaysia Berhad for Keyfield Offshore to declare dividends to Keyfield; and
- (ii) Prior written consent of Bank Pembangunan Malaysia Berhad for Keyfield Marine to declare dividends to Keyfield.

As at the date of this Prospectus, there is no debt covenant ratio which our Company or our subsidiaries needs to adhere to prior to declaring any dividends.

Nevertheless, we wish to highlight that in the past, Keyfield Marine was required to maintain a debt to equity ratio of not more than 4:1 at all times in respect of Term Loan IX at all times throughout the tenure of the loan (i.e. not specific in respect of dividends declaration), which it has met throughout the tenure of the said loan prior to its full settlement. Term Loan IX has been fully repaid on December 2023.

**(i) Ordinary shares**

In respect of FYEs 2020 to 2022 and FPE Sep 2023, dividends declared in respect of ordinary shares were as follows:

	Audited				Unaudited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023	From 1 October 2023 up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared and paid	(1)500	(2)2,004	(3)5,010	-	(4)15,030

**11. FINANCIAL INFORMATION (Cont'd)**

Notes:

- (1) Declared by Keyfield Offshore to its then ordinary shareholders in respect of interim dividend for FYE 2020 prior to its acquisition by Keyfield, on 31 August 2020 and paid on 23 December 2020.
- (2) Declared by Keyfield on 27 May 2022 in respect of final dividend for FYE 2021 and paid on 11 September 2022.
- (3) Declared by Keyfield on 8 May 2023 in respect of final dividend for FYE 2022 and paid on 21 June 2023.
- (4) Declared by Keyfield on 15 February 2024 in respect of interim dividends for FYE 2023 and paid on 22 February 2024.

**(ii) Keyfield CRNCPS**

	Audited				Unaudited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023	From 1 October 2023 up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared	-	-	(1)3,563	(2)3,206	(3)1,781
Dividends paid	-	-	-	(4)4,275	(5)4,275

Notes:

- (1) This amount represents the dividends declared on Keyfield CRNCPS from the date of issuance until 31 December 2022.
- (2) This amount represents the dividends declared on Keyfield CRNCPS from 1 January 2023 until 30 September 2023.
- (3) This amount represents the dividends declared on Keyfield CRNCPS from 1 October 2023 until LPD.
- (4) In FPE Sep 2023, Keyfield paid a total of RM4.3 million dividends in respect of the Keyfield CRNCPS consisting of the RM3.6 million in respect for FYE 2022 and RM0.7 million which is in respect of FYE 2023, on 28 April 2023.
- (5) Subsequent to FPE Sep 2023, Keyfield paid a total of RM4.3 million dividends in respect of the Keyfield CRNCPS consisting of the RM2.5 million in respect for FPE Sep 2023 and RM1.8 million which is in respect of the period from 1 October 2023 up to LPD, on 22 February 2024.

Cumulative dividends of 3% will apply on Keyfield CRNCPS until their full redemption. Upon our IPO, all Keyfield CRNCPS will be fully redeemed.

**(iii) Keyfield Offshore CRNCPS**

	Audited				Unaudited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023	From 1 October 2023 up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared and paid	-	-	(1)693	-	-

## 11. FINANCIAL INFORMATION (Cont'd)

Note:

- (1) Keyfield Offshore had paid RM0.7 million dividends in respect of the Keyfield Offshore CRNCPS to Stratos Private Equity on 23 September 2022 and 24 November 2022, prior to their full redemption.

### (iv) Keyfield Endeavour CRCPS

	Audited				Unaudited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023	From 1 October 2023 up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared	-	-	(1)79	(2)38	(3)21
Dividends paid	-	-	(1)79	-	-

Notes:

- (1) Keyfield Endeavour paid RM0.1 million in dividends to Maltiquest on 29 December 2022 in respect of Keyfield Endeavour CRCPS dividends for FYE 2021 and 2022, being Maltiquest's proportionate share.
- (2) This amount represents Maltiquest's proportionate share of the dividends declared on Keyfield Endeavour CRCPS from 1 January 2023 until 30 September 2023.
- (3) This amount represents Maltiquest's proportionate share of the dividends declared on Keyfield Endeavour CRCPS from 1 October 2023 up to LPD.

Cumulative dividends at 2% will apply on Keyfield Endeavour CRCPS until its full redemption.

### 11.14 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness as at 31 January 2024 and after adjusting for the effects of the Subsequent Events, issuance of Keyfield Shares and redemption of Keyfield CRNCPS, Public Issue and utilisation of IPO proceeds.

	Keyfield	I	II	III	IV
	Unaudited as at 31 January 2024	After Subsequent Events*	After I and issuance of Keyfield Shares and redemption of Keyfield CRNCPS	After II and Public Issue	After III and utilisation of IPO proceeds
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Capitalisation</b>					
NA attributable to the owners of the Company	292,488	277,457	358,457	546,521	534,690
<b>Total capitalisation</b>	<b>292,488</b>	<b>277,457</b>	<b>358,457</b>	<b>546,521</b>	<b>534,690</b>



**11. FINANCIAL INFORMATION (Cont'd)**

	<b>Keyfield</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>
	<b>Unaudited as at 31 January 2024</b>	<b>After Subsequent Events*</b>	<b>After I and issuance of Keyfield Shares and redemption of Keyfield CRNCPS</b>	<b>After II and Public Issue</b>	<b>After III and utilisation of IPO proceeds</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Indebtedness<sup>(1)</sup></b>					
<b>Current</b>					
Term loans	2,609	2,609	2,609	2,609	-
Amount owing to vendors of Blooming Wisdom and Helms 1 <sup>(2)</sup>	24,466	24,466	24,466	24,466	-
CRNCPS	3,919	3,919	3,919	3,919	3,919
Lease liabilities	9,888	9,888	9,888	9,888	9,888
<b>Non-current</b>					
Term loans	5,987	5,987	5,987	5,987	5,596
Amount owing to vendors of Blooming Wisdom and Helms 1 <sup>(2)</sup>	86,169	86,169	86,169	86,169	10,635
CRNCPS	139,669	139,669	58,669	58,669	-
Lease liabilities	3,841	3,841	3,841	3,841	3,841
<b>Total indebtedness</b>	<b>276,548</b>	<b>276,548</b>	<b>195,548</b>	<b>195,548</b>	<b>33,879</b>
<b>Total capitalisation and indebtedness</b>	<b>569,036</b>	<b>554,005</b>	<b>554,005</b>	<b>742,069</b>	<b>567,569</b>
<b>Gearing ratio<sup>(3)</sup>(times)</b>	<b>1.0</b>	<b>1.0</b>	<b>0.6</b>	<b>0.4</b>	<b>0.1</b>

Notes:

\* Includes transactions and events after 31 December 2023 as shown in Note 4.1 of the Pro Forma Consolidated Statements of Financial Position in Section 13 of the Prospectus.

(1) Except for the loan from Positive Boom Limited, shareholder's loan from Maltquest, Keyfield CRNCPS and lease liabilities, all of our indebtedness are secured and/or guaranteed.

(2) As detailed in Section 11.5.1, our Group had acquired Blooming Wisdom and Helms 1 for the aggregate purchase consideration of RM145.4 million, comprising aggregate cash purchase price of RM130.0 million and finance charges of RM15.4 million, payable over instalments. As such, the amounts owing to the respective vendors are included herein as part of our Group's indebtedness.

(3) Calculated based on the total indebtedness divided by the total capitalisation.

## 12. ACCOUNTANTS' REPORT



**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants  
Level 16, Tower C, Megan Avenue II  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Malaysia  
Main +6 03 2788 9999  
Fax +6 03 2788 9998  
[www.crowe.my](http://www.crowe.my)

11 MAR 2024

The Board of Directors  
**KEYFIELD INTERNATIONAL BERHAD**  
B-31-02, Tower B, Pavilion Embassy  
No 200, Jalan Ampang  
50450 Kuala Lumpur

Dear Sirs/Madams,

### REPORTING ACCOUNTANT'S OPINION ON THE FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANT'S REPORT OF KEYFIELD INTERNATIONAL BERHAD

#### OPINION

We have audited the financial information of Keyfield International Berhad ("Keyfield") and its subsidiaries ("the Group") which comprise the consolidated statements of financial position as at 31 December 2020, 2021 and 2022 and 30 September 2023 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the financial years ended ("FYE") 31 December 2020, 2021 and 2022 and financial period ended ("FPE") 30 September 2023, and notes to the financial information, including material accounting policy information as set out on pages 4 to 112.

This historical financial information has been prepared for inclusion in the prospectus of Keyfield, in connection with the listing of and quotation for its entire enlarged issued share capital of Keyfield on the Main Market of Bursa Malaysia Securities Berhad. This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia ("SC") and is given for the purpose of complying with Chapter 10 of the Prospectus Guidelines and for no other purpose.

In our opinion, the financial information gives a true and fair view of the financial position of the Group as at 31 December 2020, 2021 and 2022 and 30 September 2023 and of their financial performance and their cash flows for each of the FYE 31 December 2020, 2021 and 2022 and FPE 30 September 2023 in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards.

#### BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Reporting Accountant's Responsibilities for the Audit of the financial information section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

#### *Independence and Other Ethical Responsibilities*

We are independent of Keyfield in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**12. ACCOUNTANTS' REPORT (Cont'd)****DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION**

The Directors of Keyfield are responsible for the preparation of the financial information of Keyfield that gives a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

In preparing the financial information of Keyfield, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**REPORTING ACCOUNTANT'S RESPONSIBILITY FOR THE AUDIT OF FINANCIAL INFORMATION**

Our objectives are to obtain reasonable assurance about whether the financial information of Keyfield as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

As a part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information of Keyfield, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Keyfield's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Keyfield's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial information of Keyfield or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause Keyfield to cease to continue as a going concern.

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**REPORTING ACCOUNTANT'S RESPONSIBILITY FOR THE AUDIT OF FINANCIAL INFORMATION (CONT'D)**

- Evaluate the overall presentation, structure and content of the financial information of Keyfield, including the disclosures, and whether the financial information of Keyfield represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Keyfield to express an opinion on the financial information of Keyfield. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**RESTRICTION ON DISTRIBUTION AND USE**

This report is made solely to the Group for inclusion in the prospectus to be issued in relation to the proposed offering of the shares of Keyfield in connection with Keyfield's listing on Bursa Malaysia Securities Berhad and for no other purpose. We do not assume responsibility to any other person for the content of this report.

  
**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

  
**Chin Kit Seong**  
03030/01/2025 J  
Chartered Accountant

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	<----- FYE 31 December ----->			FPE 30
		2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	September 2023 RM'000 Audited
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investment in an associate	4	250	254	229	214
Property, plant and equipment	5	160,476	232,971	368,567	508,198
Investment property	6	-	-	1,555	1,532
Right-of-use assets	7	265	14,261	19,068	17,210
Other investments		-	-	218	218
		160,991	247,486	389,637	527,372
<b>CURRENT ASSETS</b>					
Inventories	8	480	1,701	2,141	1,392
Trade receivables	9	22,660	64,889	88,008	147,392
Other receivables, deposits and prepayments	10	12,339	2,528	735	1,770
Current tax assets		580	150	72	60
Fixed deposits with licensed banks	11	2,711	6,179	6,240	7,304
Cash and bank balances		20,176	14,656	17,024	36,668
		58,946	90,103	114,220	194,586
<b>TOTAL ASSETS</b>		<b>219,937</b>	<b>337,589</b>	<b>503,857</b>	<b>721,958</b>

**12. ACCOUNTANTS' REPORT (Cont'd)**
**KEYFIELD INTERNATIONAL BERHAD  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

	Note	<----- FYE 31 December ----->			FPE 30
		2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	September 2023 RM'000 Audited
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	12	125,260	125,260	125,260	125,260
Non-cumulative non-redeemable convertible preference shares ("NCNRCPS")	13	-	-	-	-
Reserves	14	(1,528)	16,031	62,712	141,016
Equity attributable to owners of the Company		123,732	141,291	187,972	266,276
Non-controlling interest	15	-	3,391	4,365	5,250
<b>TOTAL EQUITY</b>		<b>123,732</b>	<b>144,682</b>	<b>192,337</b>	<b>271,526</b>
<b>NON-CURRENT LIABILITIES</b>					
Cumulative redeemable non-convertible preference shares ("CRNCPS")	16	-	15,563	136,778	138,782
Lease liabilities	17	88	8,802	8,040	6,407
Other payables	21	-	8,206	2,000	94,464
Borrowings	18	42,367	49,663	27,461	9,854
Deferred tax liabilities	19	7,954	14,836	29,634	59,757
		50,409	97,070	203,913	309,264
<b>CURRENT LIABILITIES</b>					
Trade payables	20	13,638	33,923	33,719	51,500
Other payables and accruals	21	10,151	12,907	7,338	29,958
CRNCPS	16	-	-	3,563	2,494
Lease liabilities	17	42	5,405	10,897	10,927
Borrowings	18	21,949	43,486	51,877	46,084
Current tax liabilities		16	116	213	205
		45,796	95,837	107,607	141,168
<b>TOTAL LIABILITIES</b>		<b>96,205</b>	<b>192,907</b>	<b>311,520</b>	<b>450,432</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>219,937</b>	<b>337,589</b>	<b>503,857</b>	<b>721,958</b>

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	<----- FYE 31 December ----->			<----- FPE 30 September ----->	
		2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	2022 RM'000 Unaudited	2023 RM'000 Audited
REVENUE	22	75,231	139,756	236,204	168,601	310,918
COST OF SALES		(54,335)	(97,170)	(146,632)	(107,559)	(167,531)
GROSS PROFIT		20,896	42,586	89,572	61,042	143,387
OTHER INCOME		4,663	1,796	9,000	8,434	1,151
		25,559	44,382	98,572	69,476	144,538
ADMINISTRATIVE EXPENSES		(4,932)	(8,037)	(14,447)	(10,043)	(13,839)
OTHER EXPENSES		(1,619)	(1,924)	(6,559)	(4,198)	(5,547)
FINANCE COSTS		(1,358)	(3,723)	(8,722)	(6,298)	(10,710)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS	23	(17)	(5,677)	(4,307)	-	-
GAIN ON DISSOLUTION OF A SUBSIDIARY		-	-	499	-	-
SHARE OF (LOSSES)/PROFITS OF AN EQUITY ACCOUNTED ASSOCIATE	4	(100)	4	(25)	(28)	(15)
PROFIT BEFORE TAXATION	24	17,533	25,025	65,011	48,909	114,427
INCOME TAX EXPENSE	25	(4,017)	(7,018)	(15,160)	(12,150)	(30,190)
PROFIT AFTER TAXATION		13,516	18,007	49,851	36,759	84,237
OTHER COMPREHENSIVE (EXPENSES)/INCOME		(596)	(62)	(112)	69	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD		12,920	17,945	49,739	36,828	84,237

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)**

	Note	←----- FYE 31 December ----->			←----- FPE 30 September ----->	
		2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	2022 RM'000 Unaudited	2023 RM'000 Audited
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-						
Owners of the Company		13,516	17,621	48,877	36,047	83,352
Non-controlling interests		-	386	974	712	885
		<u>13,516</u>	<u>18,007</u>	<u>49,851</u>	<u>36,759</u>	<u>84,237</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-						
Owners of the Company		12,920	17,559	48,765	36,116	83,352
Non-controlling interests		-	386	974	712	885
		<u>12,920</u>	<u>17,945</u>	<u>49,739</u>	<u>36,828</u>	<u>84,237</u>
EARNINGS PER SHARE (SEN):	26					
- Basic		2.70	3.52	9.76	7.19	16.64
- Diluted		2.70	3.52	9.76	7.19	16.64



**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Note	----- Audited ----->				Total Equity RM'000
		Share Capital RM'000	NCNRCPS RM'000	Non- distributable Foreign Exchange Translation Reserve RM'000	Distributable Retained Profits RM'000	
<b>Balance at 1 January 2020</b>		10,000	33,000	(2,057)	25,009	65,952
Profit after taxation for the financial year		-	-	-	13,516	13,516
Other comprehensive expenses for the financial year:						
- foreign currency translation differences		-	-	(596)	-	(596)
Contributions by and distributions to owners of the Company:						
- dividend	27	-	-	-	(500)	(500)
- issuance of ordinary shares	12	135,261	-	-	-	135,261
- conversion of NCNRCPS into ordinary shares	13	33,000	(33,000)	-	-	-
- effect on internal reorganisation <sup>@</sup>	14(b)	(53,001)	-	-	(36,900)	(89,901)
Total transactions with owners		115,260	(33,000)	-	(37,400)	44,860
<b>Balance at 31 December 2020</b>		125,260	-	(2,653)	1,125	123,732

Note:-

- <sup>@</sup> - The effect of internal reorganisation arose from the reorganisation exercise as explained in Notes 12(d)(ii) and 14(b) to the consolidated financial statements.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)**

----- Audited -----						
		Non- distributable	Distributable			
	Share Capital RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
Note						
<b>Balance at 1 January 2021</b>	125,260	(2,653)	1,125	123,732	-	123,732
Profit after taxation for the financial year	-	-	17,621	17,621	386	18,007
Other comprehensive expenses for the financial year:						
- realisation of foreign currency translation differences arising from the capital reduction of a subsidiary	-	2,766	(2,828)	(62)	-	(62)
Contributions by owners of the Company:						
- changes in a subsidiary's ownership interests that do not result in a loss of control	15(a)	-	-	-	3,000	3,000
- formation of a subsidiary	15(b)	-	-	-	5	5
Total transactions with owners	-	-	-	-	3,005	3,005
<b>Balance at 31 December 2021</b>	125,260	113	15,918	141,291	3,391	144,682

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)**

		----- Audited -----					
		Non- distributable		Distributable			
		Share Capital	Foreign Exchange Translation Reserve	Retained Profits	Attributable to Owners of the Company	Non- Controlling Interests	Total Equity
Note		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	<b>Balance at 1 January 2022</b>	125,260	113	15,918	141,291	3,391	144,682
	Profit after taxation for the financial year	-	-	48,877	48,877	974	49,851
	Other comprehensive expenses for the financial year:						
	- foreign currency translation differences	-	(113)	-	(113)	-	(113)
	Distributions to owners of the Company:						
	- dividends	-	-	(2,083)	(2,083)	-	(2,083)
27		-	-	(2,083)	(2,083)	-	(2,083)
	<b>Balance at 31 December 2022</b>	125,260	-	62,712	187,972	4,365	192,337

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)**

		----- Audited -----					
		Non- distributable		Distributable			
		Share Capital	Foreign Exchange Translation Reserve	Retained Profits	Attributable to Owners of the Company	Non- Controlling Interests	Total Equity
Note		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	<b>Balance at 1 January 2023</b>	125,260	-	62,712	187,972	4,365	192,337
	Profit after taxation for the financial period	-	-	83,352	83,352	885	84,237
	Distributions to owners of the Company: - dividends	-	-	(5,048)	(5,048)	-	(5,048)
27		-	-	(5,048)	(5,048)	-	(5,048)
	<b>Balance at 30 September 2023</b>	125,260	-	141,016	266,276	5,250	271,526

**12. ACCOUNTANTS' REPORT (Cont'd)**
**KEYFIELD INTERNATIONAL BERHAD  
CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Note	----- FYE 31 December ----->			<----- FPE 30 September ----->	
		2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	2022 RM'000 Unaudited	2023 RM'000 Audited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Profit before taxation		17,533	25,025	65,011	48,909	114,427
Adjustments for:-						
Accretion of interest on CRNCPS		-	-	2,260	1,582	2,004
Allowance for impairment losses on trade receivables	23	-	5,128	4,307	-	-
Bad debts written off	23	17	549	-	-	-
Depreciation:						
- property, plant and equipment		4,084	8,802	18,864	13,645	19,826
- investment property		26	-	16	8	23
- right-of-use assets		35	2,063	6,489	4,150	6,698
Other interest expenses		1,358	3,550	8,194	5,983	10,120
Interest expense on lease liabilities		-	171	529	315	590
Share of losses/(profits) of an equity accounted associate		100	(4)	25	28	15
Net unrealised loss/(gain) on foreign exchange		460	76	-	469	(79)
Dividend income:						
- associate		-	-	(98)	-	-
Fair value gain on CRNCPS		-	-	(7,282)	(7,282)	-
(Gain)/Loss on lease modification		-	-	(177)	(177)	18
Gain on disposal:						
- property, plant and equipment		-	(3)	-	-	-
- investment property		(91)	-	-	-	-
Gain on dissolution of a subsidiary		-	-	(499)	-	-
Interest income		(60)	(118)	(107)	(85)	(307)
Operating profit before working capital changes		23,462	45,239	97,532	67,545	153,335
(Increase)/Decrease in inventories		(144)	(1,221)	(440)	273	749
Increase in trade and other receivables		(5,637)	(46,144)	(24,228)	(29,738)	(60,419)
(Decrease)/Increase in trade and other payables		(4,301)	25,946	(5,208)	(478)	17,260
Increase/(decrease) in amount owing to related parties		-	1,015	(1,015)	(1,015)	-
Decrease in amount owing to an associate		(262)	-	-	-	-
<b>CASH FROM OPERATIONS</b>		<b>13,118</b>	<b>24,835</b>	<b>66,641</b>	<b>36,587</b>	<b>110,925</b>
Interest paid		(1,358)	(3,623)	(3,932)	(3,644)	(11,779)
Income tax paid		(432)	(196)	(222)	-	(119)
Tax refunds		-	590	-	71	56
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>11,328</b>	<b>21,606</b>	<b>62,487</b>	<b>33,014</b>	<b>99,083</b>

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)**

	Note	←----- FYE 31 December ----->			←----- FPE 30 September ----->	
		2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	2022 RM'000 Unaudited	2023 RM'000 Audited
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>						
Acquisition of a subsidiary, net of cash and cash equivalents acquired	28	-	-	448	448	-
Addition:						
- right-of-use assets	30(a)	(150)	-	-	-	-
- other investment		-	-	(218)	(218)	-
Interest income received		60	118	107	85	307
Proceeds from issuance of shares to non-controlling interests		-	5	-	-	-
Proceeds from disposal:						
- property, plant and equipment		-	30	250	250	-
- investment property		2,500	-	-	-	-
Purchase of property, plant and equipment	30(a)	(56,630)	(26,414)	(11,789)	(10,906)	(30,372)
(Increase)/Decrease in pledged fixed deposits with licensed banks		(166)	275	-	-	(1,799)
Net (increase)/decrease in fixed deposits restricted for use		-	(3,743)	(61)	(61)	735
Dividend received from an associate		-	-	98	-	-
<b>NET CASH FOR INVESTING ACTIVITIES</b>		<b>(54,386)</b>	<b>(29,729)</b>	<b>(11,165)</b>	<b>(10,402)</b>	<b>(31,129)</b>

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)**

	Note	←----- FYE 31 December ----->			<----- FPE 30 September ----->	
		2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	2022 RM'000 Unaudited	2023 RM'000 Audited
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>						
Dividend paid		(500)	-	(2,083)	-	(5,010)
Drawdown of term loans	30(b)	38,349	259	10,116	10,116	3,000
Net drawdown/(repayment) of revolving credits	30(b)	6,327	2,313	11,301	2,514	(3,074)
Proceeds from issuance of ordinary shares		10,100	-	-	-	-
Proceeds from issuance/(redemptions) of CRNCPS	30(b)	-	15,563	(15,563)	(10,000)	-
Advances from/(Repayment to) a shareholder		25,709	(5,021)	(4,946)	(446)	-
Repayment to directors		(202)	-	-	-	-
(Repayment to)/Advances from related parties		(10,243)	4,507	(1,000)	-	-
Advances from/(Repayment to) third parties	30(b)	-	5,060	(5,206)	(5,206)	(13,518)
Repayment of lease liabilities	30(b)	(20)	(1,982)	(6,389)	(3,820)	(6,461)
Repayment of term loans	30(b)	(9,782)	(18,069)	(35,228)	(18,997)	(23,326)
<b>NET CASH FROM/(FOR) FINANCING ACTIVITIES</b>		<b>59,738</b>	<b>2,630</b>	<b>(48,998)</b>	<b>(25,839)</b>	<b>(48,389)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>16,680</b>	<b>(5,493)</b>	<b>2,324</b>	<b>(3,227)</b>	<b>19,565</b>
<b>EFFECTS OF FOREIGN EXCHANGE TRANSLATION</b>		<b>(1,084)</b>	<b>(27)</b>	<b>44</b>	<b>(183)</b>	<b>79</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD</b>		<b>4,580</b>	<b>20,176</b>	<b>14,656</b>	<b>14,656</b>	<b>17,024</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD</b>	30(c)	<b>20,176</b>	<b>14,656</b>	<b>17,024</b>	<b>11,246</b>	<b>36,668</b>

**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****1. GENERAL INFORMATION**

On 30 November 2020, Keyfield International Berhad ("Keyfield" or "the Group") was incorporated as a private limited liability company to facilitate the proposed initial public offering. On 31 December 2020, Keyfield was converted from a private limited company to a public company limited by shares.

Keyfield entered into two separate Share Sale Agreements ("SSA") to undertake the following acquisitions:-

- 1.1 First SSA dated on 22 December 2020 to acquire 100% equity interests in Keyfield Marine Sdn. Bhd. ("Keyfield Marine") and Keyfield Endeavour Sdn. Bhd. ("Keyfield Endeavour") as disclosed in Note 36(d) to the consolidated financial statements; and
- 1.2 Second SSA dated on 23 December 2020 to acquire 100% equity interests in Keyfield Offshore Sdn. Bhd. ("Keyfield Offshore") as disclosed in Note 36(e) to the consolidated financial statements.

Keyfield Offshore was incorporated in Malaysia on 17 April 2013 under the Companies Act 1965 as a private company limited by shares.

Keyfield Offshore is principally engaged in vessel ownership, chartering of offshore support vessel, provision of catering services to passenger on board vessel, ship management, trading of marine equipment and other marine related activities.

On 7 May 2021, Maltiquest Sdn. Bhd. ("Maltiquest") had invested 10% of the equity interest in Keyfield Endeavour Sdn. Bhd. ("Keyfield Endeavour") resulted in Keyfield Endeavour became a 90%-owned subsidiary of Keyfield as disclosed in Note 36(i) to the consolidated financial statements.

On 1 November 2021, a 51%-owned subsidiary of Keyfield, Keyfield Geomarine Sdn. Bhd. ("Keyfield Geomarine") was incorporated. Keyfield subscribed for a total of 5,100 ordinary shares of RM1 each in Keyfield Geomarine for a total investment cost of RM5,100, with the balance held by a non-controlling interest (Helms Geomarine Sdn. Bhd.) as disclosed in Note 36(m) to the consolidated financial statements.

On 12 January 2022, a wholly-owned subsidiary of the Company, Keyfield Serenity Sdn. Bhd. ("Keyfield Serenity") was incorporated. The Company subscribed for a total of 100,000 ordinary shares of RM1 each in Keyfield Serenity for a total investment cost of RM100,000 as disclosed in Note 36(q) to the consolidated financial statements.

On 18 February 2022, Keyfield entered into a Sale and Purchase Agreement with Lavin Group Sdn. Bhd. ("Lavin") to acquire 100% equity interest in Keyfield Resolute Sdn. Bhd. ("Keyfield Resolute") for a total purchase consideration of RM12,500,000 which was satisfied through the issuance of 50,000,000 new 3-year CRNCPS in Keyfield for a total value of RM12,500,000 to Lavin. The acquisition was completed on even date as disclosed in Note 36(t) to the consolidated financial statements. The acquisition of Keyfield Resolute was deemed as an acquisition of assets (vessels) that does not constitute as a business, therefore MFRS 3 Business Combinations does not apply. No goodwill or bargain purchase is recognised.

On 7 December 2022, Keyfield Marine Limited, a wholly-owned subsidiary of Keyfield Offshore was struck off pursuant to Section 151(4) of the Labuan Companies Act 1990 as disclosed in Note 36(x) to the consolidated financial statements.

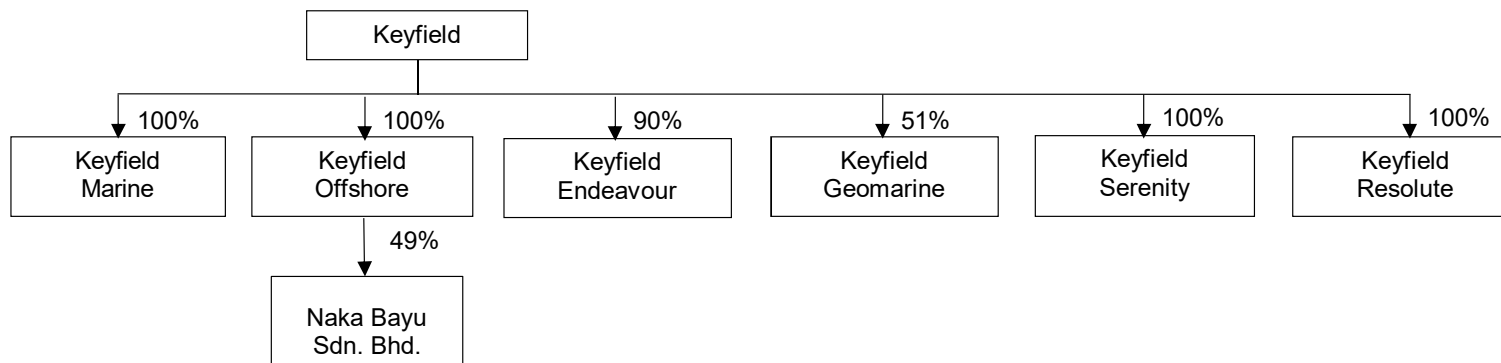


**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION (CONT'D)**

Keyfield's group structure as at 30 September 2023 is as follows:-



**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****2. BASIS OF PREPARATION**

- 2.1 The financial statements of the Group, comprising the financial statements of Keyfield and its subsidiaries, are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.
- 2.2 The Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any) in the following financial years/period:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
<b>FYE 31 December 2020:-</b>	
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
<b>FYE 31 December 2021:-</b>	
Amendment to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
<b>FYE 31 December 2022:-</b>	
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****2. BASIS OF PREPARATION (CONT'D)**

- 2.2 The Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any) in the following financial years/period (cont'd):-

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)****Effective Date****FPE 30 September 2022:-**

Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

**FPE 30 September 2023:-**

MFRS 7 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules	1 January 2023

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:-

**Amendments to MFRS 101: Disclosure of Accounting Policies**

The Group had early adopted the Amendments to MFRS 101 'Disclosure of Accounting Policies', which is effective for annual reporting periods beginning on or after 1 January 2023, during FYE 31 December 2020. This early adoption did not result in any changes to the existing accounting policies of the Group. However, the amendments require the disclosure of 'material' rather than 'significant' accounting policies and provide guidance on how entities apply the concept of materiality in making decisions about the material accounting policy disclosures. The Group has made updates to the accounting policies presented in Note 3 to the consolidated financial statements in line with the amendments.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**2. BASIS OF PREPARATION (CONT'D)**

2.3 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for FPE 30 September 2023:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. MATERIAL ACCOUNTING POLICY INFORMATION****3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS***Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

**(a) Impairment of Property, Plant and Equipment and Right-of-use Assets**

The Group determines whether an item of its property, plant and equipment and right-of-use assets, is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates.

**(b) Impairment of Trade Receivables**

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables.

*Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the accounting policies of the Group which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

**(a) Classification between Investment Properties and Owner-occupied Properties**

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

## 3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

*Critical Judgements Made in Applying Accounting Policies (Cont'd)***(b) Lease Terms**

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

## 3.2 FINANCIAL INSTRUMENTS

**(a) Financial Assets**Financial Assets Through Profit or Loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

Financial Assets at Amortised Cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

**(b) Financial Liabilities**Financial Liabilities Through Profit or Loss

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest expense.

Financial Liabilities at Amortised Cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

Cumulative Redeemable Non-convertible Preference Shares ("CRNCPS") are classified as financial liabilities in accordance with the substance of the contractual arrangement of the instruments.

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

3.2 FINANCIAL INSTRUMENTS (CONT'D)

(c) **Equity**

Ordinary Shares, Non-Cumulative Redeemable Convertible Preference Shares ("NCRCPs") and Cumulative Redeemable Convertible Preference Shares ("CRCPS")

Ordinary shares, NCRCPs and CRCPS are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares, NCRCPs and CRCPS are not remeasured subsequently.

(d) **Financial Guarantee Contracts**

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, the financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the reimbursement is recognised as a liability and measured at the higher of the amount of loss allowance determined using the expected credit loss model and the amount financial guarantee initially recognised less cumulative amortisation.

3.3 INVESTMENTS IN ASSOCIATES

Investments in associates are accounted for using the equity method in the consolidated financial statements.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

**3.4 PROPERTY, PLANT AND EQUIPMENT**

All items of property, plant and equipment are initially measured at cost.

Subsequent to the initial recognition, all property, plant and equipment, other than freehold land are stated at cost less accumulated depreciation and any impairment losses.

Depreciation on other property, plant and equipment is calculated using straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Vessels	Over the remaining useful life of up to 25 years
Vessel equipment	20%
Dry docking expenditure	20%
Motor vehicles	20%
Office equipment	20%
Renovation	20%

Dry docking expenditure represents major inspection and overhaul costs and is depreciated to reflect the consumption of benefits, which are to be replaced or restored by the subsequent dry docking, generally every five years.

Capital work-in-progress represents assets under construction. They are not depreciated until such time when the asset is available for use.

**3.5 INVESTMENT PROPERTIES**

Investment properties are initially measured at cost. Subsequent to the initial recognition, the investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate the depreciable amount over the estimated useful lives. The principal annual depreciation period is:-

Buildings	50 years
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**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

## 3.6 RIGHT-OF-USE ASSETS AND LEASES LIABILITIES

**(a) Short-term Leases and Leases of Low-value Assets**

The Group applies the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

**(b) Right-of-use Assets**

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

**(c) Lease Liabilities**

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

## 3.7 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first out method and comprises all costs of purchase plus other costs incurred in bringing the inventories to their present location and condition.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**4. INVESTMENT IN AN ASSOCIATE**

	<----- FYE 31 December ----->			FPE 30 September
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	2023 RM'000 Audited
Unquoted shares, at cost	122	122	122	122
Share of post-acquisition reserves	128	132	107	92
	250	254	229	214

The details of the associate are as follows:-

Name of Associate	Principal Place of Business/Country of Incorporation	Percentage of Ownership				Principal Activities
		FYE 31 December			FPE 30	
		2020 %	2021 %	2022 %	September 2023 %	
<i>Associate of Keyfield Offshore</i>						
Naka Bayu Sdn. Bhd.	Malaysia	49	49	49	49	Chartering of tug boat and marine security related activities - temporarily inactive during the financial year/period.

The summarised financial information has not been presented as the associate is not individually material to the Group.

**12. ACCOUNTANTS' REPORT (Cont'd)**
**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**5. PROPERTY, PLANT AND EQUIPMENT**

	----- Audited -----							
	Vessels RM'000	Vessel equipment RM'000	Motor vehicles RM'000	Dry docking RM'000	Office equipment RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
<i>Carrying Amount</i>								
At 1 January 2020	89,508	62	66	-	35	9	595	90,275
Additions	73,009	621	15	-	39	-	601	74,285
Depreciation charges	(4,000)	(34)	(41)	-	(6)	(3)	-	(4,084)
At 31 December 2020/ 1 January 2021	158,517	649	40	-	68	6	1,196	160,476
Additions	78,540	2,328	-	-	190	7	259	81,324
Disposal	-	-	(27)	-	-	-	-	(27)
Depreciation charges	(8,463)	(300)	(2)	-	(34)	(3)	-	(8,802)
At 31 December 2021/ 1 January 2022	228,594	2,677	11	-	224	10	1,455	232,971
Additions	68,624	5,419	605	3,493	125	2	116	78,384
Disposal	-	-	(550)	-	-	-	-	(550)
Transfer to investment property (Note 6)	-	-	-	-	-	-	(1,571)	(1,571)
Dissolution of a subsidiary (Note 29)	342	-	-	-	-	-	-	342
Acquisition of a subsidiary (Note 28)	76,023	1,832	-	-	-	-	-	77,855
Depreciation charges	(16,754)	(1,605)	(7)	(422)	(72)	(4)	-	(18,864)
At 31 December 2022	356,829	8,323	59	3,071	277	8	-	368,567

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	<----- Audited ----->							
	Vessels RM'000	Vessel equipment RM'000	Motor vehicles RM'000	Dry docking RM'000	Office equipment RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
<i>Carrying Amount</i>								
At 1 January 2023	356,829	8,323	59	3,071	277	8	-	368,567
Additions	154,457	3,267	4	1,165	114	450	-	159,457
Depreciation charges	(17,155)	(1,881)	(8)	(660)	(68)	(54)	-	(19,826)
At 30 September 2023	494,131	9,709	55	3,576	323	404	-	508,198

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	----- Audited -----							
	Vessels RM'000	Vessel equipment RM'000	Motor vehicles RM'000	Dry docking RM'000	Office equipment RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
At 31 December 2020								
At cost	170,430	705	282	-	275	14	1,196	172,902
Accumulated depreciation	(11,913)	(56)	(242)	-	(207)	(8)	-	(12,426)
Carrying amount	158,517	649	40	-	68	6	1,196	160,476
At 31 December 2021								
At cost	248,970	3,033	222	-	465	21	1,455	254,166
Accumulated depreciation	(20,376)	(356)	(211)	-	(241)	(11)	-	(21,195)
Carrying amount	228,594	2,677	11	-	224	10	1,455	232,971
At 31 December 2022								
At cost	393,959	10,284	277	3,493	590	23	-	408,626
Accumulated depreciation	(37,130)	(1,961)	(218)	(422)	(313)	(15)	-	(40,059)
Carrying amount	356,829	8,323	59	3,071	277	8	-	368,567

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	----- Audited ----->							
	Vessels RM'000	Vessel equipment RM'000	Motor vehicles RM'000	Dry docking RM'000	Office equipment RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
At 30 September 2023								
At cost	548,416	13,551	281	4,658	704	473	-	568,083
Accumulated depreciation	(54,285)	(3,842)	(226)	(1,082)	(381)	(69)	-	(59,885)
Carrying amount	494,131	9,709	55	3,576	323	404	-	508,198

**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

- (a) The carrying amounts of property, plant and equipment of the Group which have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 18 to the consolidated financial statements were as follows:-

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	RM'000	RM'000	RM'000	2023
	Audited	Audited	Audited	RM'000
				Audited
Vessels	158,517	171,298	165,524	160,140
Capital work-in-progress	1,196	1,455	-	-
	<u>159,713</u>	<u>172,753</u>	<u>165,524</u>	<u>160,140</u>

- (b) On 19 August 2020, a Shipbuilding Contract was novated to Keyfield Marine by a related party for the purchase of a vessel, namely Laguna Setia 2. The vessel was delivered and recognised as asset on 28 September 2020 as disclosed in Note 36(b) to the consolidated financial statements. As at the end of FYE 31 December 2020, the vessel was not yet available for use and accordingly, the depreciation of Laguna Setia 2 had only begun in FYE 31 December 2021.
- (c) On 11 October 2021, Keyfield Offshore entered into a Shipbuilding contract with Vantage Construction (Hong Kong) Co. ("Vantage"), Limited for the construction of a vessel, namely Keyfield Kindness, for a total purchase consideration of USD4,250,000. The vessel was delivered and recognised as an asset on 9 November 2021 as disclosed in Note 36(l) to the consolidated financial statements. As at the end of FYE 31 December 2021, the vessel was not yet available for use and accordingly, the depreciation of Keyfield Kindness had only begun in FYE 31 December 2022.
- (d) Dry docking represents capitalisation of expenditure incurred on major inspection and overhaul for certain vessels of the Group.
- (e) Capital work-in-progress represented building under construction which was not ready for commercial use at the end of FYE 31 December 2020 and FYE 31 December 2021.
- (f) Included in the property, plant and equipment of the Group are vessels namely, Blooming Wisdom and Keyfield Helms 1 held under instalment arrangements. The carrying amounts of the assets which have been pledged as security for the other payables of the Group as disclosed in Notes 21(f) and 21(g) to the consolidated financial statements were as follows:-

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	RM'000	RM'000	RM'000	2023
	Audited	Audited	Audited	RM'000
				Audited
Vessels	-	-	-	126,750

**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****6. INVESTMENT PROPERTY**

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	RM'000	RM'000	RM'000	2023
	Audited	Audited	Audited	RM'000
				Audited
Building, at cost:-				
At 1 January	2,585	-	-	1,571
Transfer from property, plant and equipment (Note 5)	-	-	1,571	-
Disposal	(2,585)	-	-	-
At 31 December/30 September	-	-	1,571	1,571
Accumulated depreciation:-				
At 1 January	(150)	-	-	(16)
Depreciation charge	(26)	-	(16)	(23)
Disposal	176	-	-	-
At 31 December/30 September	-	-	(16)	(39)
	-	-	1,555	1,532

- (a) The investment property of the Group has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Notes 18(a)(iv) and 18(a)(v) to the consolidated financial statements.
- (b) The investment property in FYE 31 December 2020 had been disposed on 12 August 2020 for a cash consideration of RM2,500,000.
- (c) The fair value of the investment property as at the end of FPE 30 September 2023 was estimated at approximately RM1,900,000 (FYE 31 December 2022 - RM1,900,000), which is within level 3 fair value hierarchy. The fair value is arrived at based on directors' assessment of the current price in an active market of comparable property within its vicinity and adjustment is then made for differences in location, size, facilities available, market conditions and other factors in order to arrive at a common basis.
- (d) The investment property is leased to a customer under an operating lease with rental payables monthly. The lease contains initial non-cancellable period of 3 years and an option that is exercisable by the customer to extend its lease for further 3 years.



**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**6. INVESTMENT PROPERTY (CONT'D)**

The future minimum rental receivables under the non-cancellable operating lease at the end of the reporting period were as follows:-

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	RM'000 Audited
Within 1 year	-	-	96	96
Between 1 and 2 years	-	-	96	96
Later than 3 years	-	-	72	-
	-	-	264	192

**7. RIGHT-OF-USE ASSETS**

	<----- Audited ----->			
	Vessels RM'000	Offices RM'000	Motor vehicle RM'000	Total RM'000
<i>Carrying amount</i>				
At 1 January 2020	-	-	-	-
Addition	-	-	300	300
Depreciation charge	-	-	(35)	(35)
At 31 December 2020/ 1 January 2021	-	-	265	265
Additions	15,756	303	-	16,059
Depreciation charges	(1,969)	(49)	(45)	(2,063)
At 31 December 2021/ 1 January 2022	13,787	254	220	14,261
Additions	21,363	-	-	21,363
Modification of lease liabilities	(10,067)	-	-	(10,067)
Depreciation charges	(6,248)	(196)	(45)	(6,489)
At 31 December 2022	18,835	58	175	19,068

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**7. RIGHT-OF-USE ASSETS (CONT'D)**

	<----- Audited ----->			
	Vessels RM'000	Offices RM'000	Motor vehicle RM'000	Total RM'000
<i>Carrying amount</i>				
At 1 January 2023	18,835	58	175	19,068
Additions	11,674	1,797	-	13,471
Derecognition due to lease termination	(8,631)	-	-	(8,631)
Depreciation charges	(6,333)	(331)	(34)	(6,698)
At 30 September 2023	15,545	1,524	141	17,210

(a) The Group leases certain vessels, offices and motor vehicle of which the leasing activities are summarised below:-

- (i) Vessels            The Group entered into 1 to 2 years non-cancellable Bareboat Charter Agreement.
- (ii) Offices            The Group leases six office units for 1 to 2 years, with an option to renew the lease at the end of tenancy period.
- (iii) Motor vehicle    The Group leases a motor vehicle under hire purchase arrangement. The lease is secured by the leased asset. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount.

(b) The Group also has certain leases with lease terms of less than 12 months and lease of office equipment with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**8. INVENTORIES**

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Consumables	480	1,701	2,141	1,392
	<u>480</u>	<u>1,701</u>	<u>2,141</u>	<u>1,392</u>
	<----- FYE 31 December ----->			<-- FPE 30 September -->
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Unaudited
Recognised in profit or loss:- Inventories recognised in cost of sales	144	2,849	6,510	3,092
	<u>144</u>	<u>2,849</u>	<u>6,510</u>	<u>3,092</u>

Consumables represent marine gas oil ("MGO").

**9. TRADE RECEIVABLES**

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Trade receivables	22,660	70,017	96,624	156,008
Allowance for impairment losses	-	(5,128)	(8,616)	(8,616)
	<u>22,660</u>	<u>64,889</u>	<u>88,008</u>	<u>147,392</u>
Allowance for impairment losses:				
At 1 January	-	-	(5,128)	(8,616)
Addition during the financial year/period (Note 23)	-	(5,128)	(4,307)	-
Written off during the financial year/period	-	-	819	-
At 31 December/30 September	-	(5,128)	(8,616)	(8,616)
	<u>-</u>	<u>(5,128)</u>	<u>(8,616)</u>	<u>(8,616)</u>

**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****9. TRADE RECEIVABLES (CONT'D)**

The Group's normal trade credit terms are as follows:-

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	Days	Days	Days	Days
	Audited	Audited	Audited	Audited
Credit terms	30 - 60	30 - 120	30 - 120	30 - 120

Other credit terms are assessed and approved on a case-by-case basis which include back-to-back arrangement i.e. the Group will receive payment when its customers received theirs.

**10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Other receivables	1,716	313	25	-
Advances to suppliers	2,153	-	-	-
Deposits	8,238	250	327	546
Prepayments	232	1,965	383	1,224
	12,339	2,528	735	1,770

- (a) Included in other receivables at the end of FYE 31 December 2020 and FYE 31 December 2021 was a total amount of approximately RM1,710,000 and RM242,000 respectively, being charter income receivables from POET Shipbuilding & Engineering Pte. Ltd. ("POET"), as compensation on the late delivery of a vessel, namely Keyfield Falcon. The vessel was delivered on 13 February 2021 as disclosed in Note 36(c) to the consolidated financial statements.
- (b) Advances to suppliers represented payments made to third-party vessel suppliers for chartering services and purchase of vessel equipment.
- (c) Included in deposits at the end of FYE 31 December 2020 was an amount paid of USD1,950,000 (equivalent to approximately RM8,096,000), for the purchase of Keyfield Falcon for a total purchase consideration of USD14,500,000, as disclosed in Note 36(c) to the consolidated financial statements. The purchase of Keyfield Falcon had been subsequently completed and the vessel was delivered on 13 February 2021.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**11. FIXED DEPOSITS WITH LICENSED BANKS**

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Fixed deposits with licensed banks	2,711	6,179	6,240	7,304

- (a) The fixed deposits with licensed banks of the Group which have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 18(a)(vi), 18(a)(x) and 18(b)(iv) to the consolidated financial statements were as follows:-

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Fixed deposits pledged	2,711	2,436	2,436	4,235

- (b) The fixed deposit with licensed bank of the Group which is restricted for use in relation to Term Loan IX, as disclosed in Note 18(a)(xi) to the consolidation financial statements was as follows:-

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Fixed deposit restricted for use	-	3,743	3,804	3,069

- (c) The effective interest rates of the fixed deposits at the end of the reporting period were as follows:-

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	%	%	%	%
	Audited	Audited	Audited	Audited
Effective interest rates	1.60 - 2.10	1.85 - 1.90	2.10 - 3.20	2.80 - 3.40

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**11. FIXED DEPOSITS WITH LICENSED BANKS (CONT'D)**

(d) The maturity periods of the fixed deposits were as follows:-

	<----- FYE 31 December ----->			FPE 30
	2020 Month Audited	2021 Month Audited	2022 Month Audited	September 2023 Month Audited
Maturity periods	3 - 12	3 - 12	3 - 12	3 - 12

**12. SHARE CAPITAL**

	<----- FYE 31 December ----->			FPE 30
	2020 Audited	2021 Audited	2022 Audited	September 2023 Audited
<b>Ordinary Shares</b>				
	Number Of Shares ('000)			
Issued and fully paid-up				
At 1 January	250,520	250,520	501,040	501,040
Share split	-	250,520	-	-
At 31 December/30 September	250,520	501,040	501,040	501,040
	RM'000	RM'000	RM'000	RM'000
Issued and fully paid-up	125,260	125,260	125,260	125,260

- (a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Group and are entitled to one vote per ordinary share at meetings of the Group. The ordinary shares have no par value.
- (b) On 28 February 2020, Keyfield Offshore had converted its entire 33,000,000 NCNRCPS amounted to RM33,000,000 into ordinary shares, as disclosed in Note 13 to the consolidated financial statements.
- (c) On 24 August 2020, Keyfield Offshore increased its issued and paid-up share capital by issuance of 14,750,000 new ordinary shares for a cash consideration of RM10,000,500.

**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****12. SHARE CAPITAL (CONT'D)**

- (d) On 30 November 2020, Keyfield was incorporated with a total paid-up share capital of RM2 comprising 2 ordinary shares.

Keyfield had undertaken the following internal reorganisation exercise as disclosed in Notes 36(d) and 36(e) to the consolidated financial statements:-

- (i) On 22 December 2020, Keyfield entered into first SSA to acquire 100% equity interests in Keyfield Marine and Keyfield Endeavour comprising 1 ordinary share each for a purchase consideration of RM1, respectively; and
- (ii) On 23 December 2020, Keyfield entered into second SSA to acquire 100% equity interests in Keyfield Offshore comprising 57,750,000 ordinary shares for a purchase consideration of RM89,999,999, which was settled by issuance of 179,999,998 new ordinary shares at an issue price of RM0.50 per ordinary shares in Keyfield.

The details of Keyfield's acquisition of equity interests in Keyfield Offshore are as follows:-

	Number of shares acquired (‘000)	Purchase consideration RM'000
Shareholders (Note 31(b))	20,050	31,247
Directors (Note 31(b))	37,700	58,753
	57,750	90,000

Upon completion of the above acquisitions, the share capital of Keyfield had increased from RM2 comprising 2 ordinary shares to RM90,000,001 comprising 180,000,000 ordinary shares.

- (e) On 28 December 2020, Keyfield had further increased its issued and paid-up share capital by:-
- (i) Issuance of 41,000,000 new ordinary shares through capitalisation of debts owing to a shareholder amounted to RM20,500,000 as disclosed in Note 36(f) to the consolidated financial statements; and
- (ii) Issuance of 29,520,000 new ordinary shares through capitalisation of debts owing to a related party amounted to RM14,760,000 as disclosed in Note 36(g) to the consolidated financial statements.
- (f) On 27 December 2021, Keyfield subdivided its shares 250,520,000 ordinary shares to into 501,040,000 ordinary shares.

The new ordinary shares issued rank equally in all respects with the existing ordinary shares of the Keyfield.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**13. NCNRCPS**

	<----- FYE 31 December ----->			FPE 30
	2020 Audited	2021 Audited	2022 Audited	September 2023 Audited
NCNRCPS				
		Number Of Shares ('000)		
At 1 January	33,000	-	-	-
Conversion of NCNRCPS into ordinary shares	(33,000)	-	-	-
At 31 December/30 September	-	-	-	-
	RM'000	RM'000	RM'000	RM'000
At 1 January	33,000	-	-	-
Conversion of NCNRCPS into ordinary shares	33,000	-	-	-
At 31 December/30 September	-	-	-	-

- (a) The NCNRCPS were converted into ordinary shares in Keyfield Offshore in FYE 31 December 2020 as disclosed in Note 12(b) to the consolidated financial statements.



**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****13. NCNRCPS (CONT'D)**

- (b) The salient features of NCNRCPS were as follows:-
- |        |   |  |
|--------|---|--|
| (i)    | Tenure  | No fixed tenure.   |
| (ii)   | Dividends   | The NCNRCPS do not carry a right to receive any dividends.   |
| (iii)  | Conversion rights   | The NCNRCPS shall be convertible, at the option of the holder, at any time during the conversion period, into such number of fully-paid Keyfield Offshore shares as is determined by dividing the issue price by the conversion price in effect at the time of conversion.   |
| (iv)   | Conversion price  | RM1.00   |
| (v)    | Conversion period   | At any time during the period commencing from the date of allotment and issuance of the NCNRCPS.   |
| (vi)   | Conversion mode   | The conversion of the NCNRCPS will not require any cash payment from the NCNRCPS holders. The conversion price shall be satisfied by the NCNRCPS holders surrendering the requisite number of NCNRCPS for cancellation by the Issuer.  |
| (vii)  | Ranking of the NCNRCPS                                      | The NCNRCPS shall rank pari passu amongst themselves.  |
| (viii) | Ranking of new shares pursuant to the conversion of NCNRCPS | The new shares to be issued upon conversion of the NCNRCPS shall rank pari passu in all respects with the then existing Keyfield Offshore shares, except that they shall not be entitled to participate in any dividends, rights, allotments and/or any other distributions that may be declared, made or paid, the entitlement date of which is prior to the date of allotment of the new shares. |
| (ix)   | Rights of the NCNRCPS holders                               | The NCNRCPS shall not carry any right to vote at any general meeting of Keyfield Offshore.   |
| (x)    | Governing law   | Malaysia.  |

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**14. RESERVES**

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	RM'000	RM'000	RM'000	2023
	Audited	Audited	Audited	RM'000
				Audited
Non-distributable:				
- Foreign exchange translation reserve (a)	(2,653)	113	-	-
Distributable:				
- Retained profits (b)	1,125	15,918	62,712	141,016
	<u>(1,528)</u>	<u>16,031</u>	<u>62,712</u>	<u>141,016</u>

(a) The foreign exchange translation reserve arose from the translation of the financial statements of a former subsidiary whose functional currency is different from the Group's presentation currency.

(b) The retained profits is net of reorganisation deficit arose from the acquisition of Keyfield Offshore, Keyfield Marine and Keyfield Endeavour in FYE 31 December 2020 as follows:-

	Keyfield Offshore RM'000	Keyfield Marine RM'000	Keyfield Endeavour RM'000	Total RM'000
Cost of investment	90,000	*	*	90,000
Less: Share capital of subsidiaries	(53,001)	(99)	(*)	(53,100)
Reorganisation deficit/(reserve)	<u>36,999</u>	<u>(99)</u>	<u>-</u>	<u>36,900<sup>#</sup></u>

Notes:-

\* - Represents RM1.

# - The reorganisation deficit has been adjusted against retained earnings in FYE 31 December 2020.

**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****15. NON-CONTROLLING INTERESTS**

The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interests %	<----- FYE 31 December ----->			FPE 30
		2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	September 2023 RM'000 Audited
Keyfield Endeavour (a)	10	-	3,354	4,380	5,274
Keyfield Geomarine (b)	49	-	37	(15)	(24)
		-	3,391	4,365	5,250

- (a) On 7 May 2021, Keyfield Endeavour allotted additional 29,999,999 shares, of which 26,999,998 shares subscribed by Keyfield, 1 share subscribed by Keyfield Offshore and 3,000,000 shares subscribed by a non-controlling interest. Following the allotment, the shareholding of Keyfield in Keyfield Endeavour was diluted to 90% as disclosed in Note 36(j) to the consolidated financial statements.
- (b) On 1 November 2021, a 51%-owned subsidiary of Keyfield, Keyfield Geomarine, was incorporated. Keyfield subscribed for a total of 5,100 Ordinary shares in Keyfield Geomarine and 4,900 ordinary shares subscribed by a non-controlling interest as disclosed in Note 36(m) to the consolidated financial statements.
- (c) The summarised financial information of the non-controlling interest has not been presented as the non-controlling interests of the subsidiaries are not material to the Group.

**16. CRNCPS**

	<----- FYE 31 December ----->			FPE 30
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	September 2023 RM'000 Audited
At 1 January	-	-	15,563	140,341
Issuance of new shares	-	15,563	141,800	-
Accretion of interest on CRNCPS (Note 24)	-	-	2,260	2,004
Fair value gain on CRNCPS (Note 24)	-	-	(7,282)	-
Redemption during the financial year/period	-	-	(15,563)	-
Interest expense recognised in profit or loss (Note 24)	-	-	4,256	3,206
Repayment of interest expense	-	-	(693)	(4,275)
At 31 December/30 September	-	15,563	140,341	141,276

**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****16. CRNCPS (CONT'D)**

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	RM'000 Audited
Analysed by:-				
Current liabilities	-	-	3,563	2,494
Non-current liabilities	-	15,563	136,778	138,782
At 31 December/30 September	-	15,563	140,341	141,276

- (a) On 24 November 2021, Keyfield Offshore issued 15,562,500 3-year CRNCPS at RM1 per CRNCPS ("CRNCPS I") as disclosed in Note 36(o) to the consolidated financial statements.

The salient features of CRNCPS I are as follows:-

- |       |  |   |
|-------|--|---|
| (i)   | Tenure   | Three years.  |
| (ii)  | Dividends  | The CRNCPS carry a dividend of 5% per annum, payable on a monthly basis. The dividend rights are cumulative.  |
| (iii) | Conversion rights  | The CRNCPS are non-convertible.   |
| (iv)  | Ranking of the CRNCPS                                      | The CRNCPS shall rank pari passu amongst themselves.  |
| (v)   | Ranking of new shares pursuant to the conversion of CRNCPS | No other preference shares shall be issued by Keyfield Offshore ranking prior to or equally with the CRNCPS nor the rights and privileges of the holders of such CRNCPS be altered. |
| (vi)  | Rights of the CRNCPS holders                               | The CRNCPS shall not carry any right to vote at any general meeting of Keyfield Offshore.   |
| (vii) | Governing law  | Malaysia.   |

CRNCPS I had been fully redeemed for RM15,562,500 during FYE 31 December 2022.

- (b) On 18 February 2022, Keyfield issued 260,000,000 3-year CRNCPS at RM0.25 per CRNCPS as disclosed in Note 36(r) to the consolidated financial statements.
- (c) On 18 February 2022, Keyfield issued 50,000,000 3-year CRNCPS at RM0.25 per CRNCPS as disclosed in Note 36(t) to the consolidated financial statements.
- (d) On 18 February 2022, Keyfield issued 260,000,000 3-year CRNCPS at RM0.25 per CRNCPS as disclosed in Note 36(u)(i) to the consolidated financial statements.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**16. CRNCPS (CONT'D)**

- (e) The salient features of the CRNCPS referred to in Notes 16(b), (c) and (d) above are as follows:-
- (i) Tenure Three years.
  - (ii) Dividends The CRNCPS carry a dividend of 3% per annum, payable on a monthly basis. The dividend rights are cumulative.
  - (iii) Conversion rights The CRNCPS are non-convertible.
  - (iv) Ranking of the CRNCPS The CRNCPS shall rank pari passu amongst themselves.
  - (v) Rights of the CRNCPS holders The CRNCPS shall not carry any right to vote at any general meeting of Keyfield.
  - (vi) Governing law Malaysia.

**17. LEASE LIABILITIES**

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
At 1 January	-	130	14,207	18,937
Additions (Note 30(a))	150	16,059	21,363	13,471
Changes due to lease modification	-	-	(10,244)	-
Derecognition due to lease termination	-	-	-	(8,613)
Interest expense recognised in profit or loss (Note 24)	-	171	529	590
Repayment of principal	(20)	(1,982)	(6,389)	(6,461)
Repayment of interest expense	-	(171)	(529)	(590)
At 31 December/30 September	<u>130</u>	<u>14,207</u>	<u>18,937</u>	<u>17,334</u>

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**17. LEASE LIABILITIES (CONT'D)**

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Analysed by:				
Current liabilities	42	5,405	10,897	10,927
Non-current liabilities	88	8,802	8,040	6,407
	<u>130</u>	<u>14,207</u>	<u>18,937</u>	<u>17,334</u>

(a) A lease liability of the Group is secured by the Group's motor vehicle under the hire purchase arrangement as disclosed in Note 7(a)(iii) to the consolidated financial statements, with lease term of 3 years.

(b) The effective interest rates at the end of the reporting period were as follows:-

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	%	%	%	%
	Audited	Audited	Audited	Audited
Leases	4.22	3.00 - 4.75	3.72 - 4.88	4.88 - 5.89

**18. BORROWINGS**

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Current liabilities:				
- term loans (a)	15,622	34,846	31,936	29,217
- revolving credits (b)	6,327	8,640	19,941	16,867
	<u>21,949</u>	<u>43,486</u>	<u>51,877</u>	<u>46,084</u>
Non-current liabilities:				
- term loans (a)	42,367	49,663	27,461	9,854
	<u>42,367</u>	<u>49,663</u>	<u>27,461</u>	<u>9,854</u>
	<u>64,316</u>	<u>93,149</u>	<u>79,338</u>	<u>55,938</u>

**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****18. BORROWINGS (CONT'D)****(a) Term Loans**

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	RM'000	RM'000	RM'000	2023
	Audited	Audited	Audited	RM'000
	Audited	Audited	Audited	Audited
Current liabilities	15,622	34,846	31,936	29,217
Non-current liabilities	42,367	49,663	27,461	9,854
	57,989	84,509	59,397	39,071

(i) The details of the term loans outstanding are summarised below:-

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	RM'000	RM'000	RM'000	2023
	Audited	Audited	Audited	RM'000
	Audited	Audited	Audited	Audited
<u>Floating rate term loans</u>				
I	226	110	-	-
II	1,321	1,562	1,684	1,596
III	33	27	22	18
IV	18,750	11,875	4,375	-
V	-	41,915	28,210	21,762
VI	-	-	5,966	4,859
VII	-	-	3,657	2,977
VIII	-	-	-	3,000
	20,330	55,489	43,914	34,212
<u>Fixed rate term loans</u>				
IX	37,659	29,020	15,483	4,859
	57,989	84,509	59,397	39,071

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**18. BORROWINGS (CONT'D)**

**(a) Term Loans (Cont'd)**

(ii) The effective interest rates at the end of the reporting period were as follows:-

	<----- FYE 31 December ----->			FPE 30
	2020 %	2021 %	2022 %	September 2023 %
	Audited	Audited	Audited	Audited
<u>Floating rate term loans</u>				
I	7.45	7.45	-	-
II	3.41	3.41	4.41	4.66
III	3.41	3.41	4.41	4.66
IV	4.30	4.30	5.28	-
V	-	2.60	6.64	7.94
VI	-	-	6.42	7.17
VII	-	-	6.42	7.17
VIII	-	-	-	7.00
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Fixed rate term loans</u>				
IX	5.20	5.20	5.20	5.20
	<hr/>	<hr/>	<hr/>	<hr/>

(iii) Term Loan I was:-

- repayable over 5 years by 60 monthly instalments of RM10,282 each commencing on May 2017;
- secured by 70% guarantee coverage by the Government of Malaysia amounting to RM350,000 and a joint and several guarantee by two of the directors of the Company; and
- fully repaid during FYE 31 December 2022.

(iv) Term Loan II is:-

- repayable over 25 years by 300 monthly instalments of RM9,632 each commencing on July 2022; and
- secured by a unit of property and a joint and several guarantee by two of the directors of the Company.

(v) Term Loan III is:-

- repayable over 10 years by 120 monthly instalments of RM452 each commencing on July 2022; and
- secured by a unit of property and a joint and several guarantee by two of the directors of the Company.



**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****18. BORROWINGS (CONT'D)****(a) Term Loans (Cont'd)**

- (vi) Term Loan IV was:-
- repayable over 4 years by 48 monthly instalments of RM625,000 each commencing on August 2019;
  - secured by a corporate guarantee by a shareholder, a joint and several guarantee by two of the directors of the Company, a third party deed of covenant accompanying third party statutory legal mortgage over Laguna Setia 1 vessel and the Memorandum of Deposit over fixed deposits as disclosed in Note 11(a) to the consolidated financial statements; and
  - fully repaid during FPE 30 September 2023.
- (vii) Term Loan V is:-
- repayable over 3 years by 36 monthly instalments of RM806,000 each commencing on May 2021 and with a final instalment of RM15,314,000;
  - the facility is unsecured; and
  - obtained from Positive Boom Limited by Keyfield and utilised by Keyfield Endeavour to partially pay the purchase price of Keyfield Falcon vessel, as disclosed in Note 36(h) to the consolidated financial statements.
- (viii) Term Loan VI is:-
- repayable over 4 years by 48 monthly instalments of RM152,895 commencing on November 2022; and
  - secured by specific debenture over Keyfield Kindness vessel, corporate guarantee by the Company, a joint and several guarantee by two of the directors of the Company and guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP").
- (ix) Term Loan VII is:-
- repayable over 4 years by 48 monthly instalments of RM93,803 commencing on November 2022; and
  - secured by specific debenture over Keyfield Kindness vessel, corporate guarantee by the Company, a joint and several guarantee by two of the directors of the Company and guarantee from SJPP.
- (x) Term Loan VIII is:-
- repayable within 60 months commencing on March 2023;
  - secured by a facility agreement, an 80% guarantee coverage by SJPP under the Pemulih Government Guarantee Scheme ("PGGS") of RM8,000,000, a joint and several guarantee by two of the directors of the Company and Memorandum of Deposit and Letter of Set Off to be executed for Cash Collateral/Commodity Murabahah as disclosed in Note 11(a) to the consolidated financial statements; and
  - the facility shall be reinstated up to its approved limit of RM3,000,000 upon repayment of principal portion.
- (xi) Term Loan IX is:-
- repayable over 3 years by 33 monthly instalments of RM1,227,186 each commencing on May 2021;
  - secured by a corporate guarantee by a subsidiary, a joint and several guarantee by two of the directors of the Group and the First Preferred Mortgage on Laguna Setia 2 vessel financed by the term loan; and
  - imposed with a financial covenant that the subsidiary shall maintain the debt to equity ratio of not more than 4:1 at all times.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**18. BORROWINGS (CONT'D)**

**(b) Revolving Credits**

(i) The details of the revolving credits are summarised below:-

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	RM'000	RM'000	RM'000	2023
	Audited	Audited	Audited	RM'000
				Audited
<u>Floating rate revolving credits</u>				
I	3,005	3,005	2,655	2,655
II	3,322	4,896	17,286	14,212
III	-	739	-	-
	6,327	8,640	19,941	16,867

(ii) The effective interest rates at the end of the reporting period were as follows:-

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	%	%	%	2023
	Audited	Audited	Audited	%
				Audited
<u>Floating rate revolving credits</u>				
I	3.80	3.80	4.78	5.16
II	4.30	4.30	5.28	5.66
III	-	4.23	-	-

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**18. BORROWINGS (CONT'D)**

**(b) Revolving Credits (Cont'd)**

- (iii) Revolving credit I is secured by:-
- a facility agreement;
  - a joint and several guarantee by two of the directors of the Company;
  - an 80% guarantee coverage by SJPP under the Government Guarantee Scheme - Prihatin ("GGS - Prihatin") of RM2,400,000; and
  - legal assignment of contract proceeds over the contract secured between borrower and lender to be channeled into a Designated Collection Account ("DCA") with the bank.
- (iv) Revolving credit II is secured by:-
- a facility agreement;
  - a joint and several guarantee by two of the directors of the Company;
  - second mortgage over a vessel;
  - supplemental legal assignment of contract proceeds related to a vessel;
  - supplemental legal assignment of insurances related to a vessel;
  - legal assignment of contract proceeds over all contracts secured with Petronas or other oil majors or main contractors using the third party vessels to be channeled into the DCA with the bank. This assignment is only applicable to contracts that are submitted for utilisation of the revolving credit facility;
  - debenture over fixed and floating assets of a subsidiary; and
  - Memorandum of Deposit over existing fixed deposit or any product under RHB Asset Management Sdn. Bhd. pledged to the bank as disclosed in Note 11(a) to the consolidated financial statements.
- (v) Revolving credit III was secured by:-
- a facility agreement;
  - blanket assignment over contract proceeds from contract awarder by a subsidiary;
  - a corporate guarantee by the Company;
  - a joint and several guarantee by two of the directors of the Company; and
  - a first party second legal charge over a unit of property of a subsidiary.
- (vi) Revolving credits I and II are secured by a negative pledge that imposes certain covenants on a subsidiary. The significant covenant of the revolving credits is that the subsidiary's gearing shall not exceed 1.5 times at all times.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**19. DEFERRED TAX LIABILITIES**

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Deferred tax liabilities:				
- accelerated capital allowance on property, plant and equipment	7,954	14,836	29,634	59,757
	-----	-----	-----	-----
	<----- Audited ----->			
	At 1 January RM'000	Acquisition of subsidiary (Note 28) RM'000	Recognised In Profit Or Loss (Note 25) RM'000	At 31 December RM'000
<b>FYE 31 December 2020</b>				
Deferred tax liabilities:				
- accelerated capital allowance on property, plant and equipment	4,039	-	3,915	7,954
	-----	-----	-----	-----
	<----- Audited ----->			
	At 1 January RM'000	Acquisition of subsidiary (Note 28) RM'000	Recognised In Profit Or Loss (Note 25) RM'000	At 31 December RM'000
<b>FYE 31 December 2021</b>				
Deferred tax liabilities:				
- accelerated capital allowance on property, plant and equipment	7,954	-	6,882	14,836
	-----	-----	-----	-----

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**19. DEFERRED TAX LIABILITIES (CONT'D)**

	----- Audited ----->			
	At 1 January RM'000	Acquisition of subsidiary (Note 28) RM'000	Recognised In Profit Or Loss (Note 25) RM'000	At 31 December RM'000
<b>FYE 31 December 2022</b>				
Deferred tax liabilities:				
- accelerated capital allowance on property, plant and equipment	14,836	35	14,763	29,634
	14,836	35	14,763	29,634

	----- Audited ----->			
	At 1 January RM'000	Acquisition of subsidiary (Note 28) RM'000	Recognised In Profit Or Loss (Note 25) RM'000	At 30 September RM'000
<b>FPE 30 September 2023</b>				
Deferred tax liabilities:				
- accelerated capital allowance on property, plant and equipment	29,634	-	30,123	59,757
	29,634	-	30,123	59,757

**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****20. TRADE PAYABLES**

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Trade payables:				
- third parties	13,638	32,908	33,719	51,500
- related parties	-	1,015	-	-
	13,638	33,923	33,719	51,500

The normal trade credit terms granted to the Group are as follows:-

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020	2021	2022	2023
	Days	Days	Days	Days
	Audited	Audited	Audited	Audited
Credit terms	30 - 60	30 - 60	30 - 60	30 - 60

Other credit terms are assessed and approved on a case-by-case basis which include back-to-back arrangement i.e. the Group will make payment to the suppliers when its customers with corresponding back-to-back arrangement, made payment.

**21. OTHER PAYABLES AND ACCRUALS**

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Other payables:				
- third parties	2,700	11,422	5,762	120,844
- a related party	1,493	-	-	-
- shareholders	5,021	4,165	-	-
	9,214	15,587	5,762	120,844
Accruals	937	3,302	2,906	3,157
Deposits received	-	2,224	670	383
Dividend payable	-	-	-	38
	10,151	21,113	9,338	124,422
Analysed by:-				
Current liabilities	10,151	12,907	7,338	29,958
Non-current liabilities	-	8,206	2,000	94,464
	10,151	21,113	9,338	124,422

**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****21. OTHER PAYABLES AND ACCRUALS (CONT'D)**

- (a) Included in other payables at the end of FYE 31 December 2020 was an amount of approximately RM1,669,000, outstanding on purchase of a vessel, Laguna Setia 2. The amount was fully repaid during FYE 31 December 2021.
- (b) Included in other payables at the end of FYE 31 December 2021 was an amount of approximately RM5,206,000, being loan granted by a third party bearing interest of 1-month USD LIBOR plus 2.50% per annum. The amount was fully repaid during FYE 31 December 2022.
- (c) Included in other payables at the end of FYE 31 December 2021 and FYE 31 December 2022 was an amount of USD500,000 (equivalent to approximately RM2,091,750), outstanding to POET in relation to purchases of vessel equipment, spare parts and lubricants on board Keyfield Compassion vessel.
- (d) The amounts owing to a related party and a shareholder at the end of FYE 31 December 2020 and FYE 31 December 2021 were unsecured, interest-free and repayable on demand. The amounts owing have been settled in cash during FYE 31 December 2021 and FYE 31 December 2022, respectively.
- (e) Included in the other payables at the end of FYE 31 December 2021 and FYE 31 December 2022 was an amount approximately RM3,098,000 and RM2,000,000, respectively outstanding to a shareholder of a subsidiary which is repayable within 17 months from the end of FYE 31 December 2021 (FYE 31 December 2022 - 17 months). Interest was charged at 5% per annum and was repayable on demand.
- (f) Included in the other payables at the end of FPE 30 September 2023 was an amount of approximately RM75,373,000, bearing interest of 5.50% per annum, outstanding to Azulite Bloom Sdn. Bhd. ("Azulite Bloom") in relation to purchase of a vessel, Blooming Wisdom as disclosed in Note 36(z) to the consolidated financial statements. The amount owing is secured by the respective vessel as disclosed in Note 5(f) to the consolidated financial statements.
- (g) Included in the other payables at the end of FPE 30 September 2023 was an amount of approximately RM43,109,000, bearing interest of 5.50% per annum, outstanding to Sea Steel Sdn. Bhd. ("Sea Steel") in relation to purchase of a vessel, Keyfield Helms 1 as disclosed in Note 36(aa) to the consolidated financial statements. The amount owing is secured by the respective vessel as disclosed in Note 5(f) to the consolidated financial statements.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**22. REVENUE**

	<----- FYE 31 December ----->			<- FPE 30 September ->	
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	2022 RM'000 Unaudited	2023 RM'000 Audited
<b>Revenue from Contracts with Customers</b>					
<u>Recognised over time</u>					
Rendering of offshore support services	75,231	139,756	236,204	168,601	310,918

The information about the performance obligations in contracts with customers is as below:-

Rendering of offshore support services

Revenue from providing services is recognised over time in the period in which the services are rendered.

**23. IMPAIRMENT LOSS ON FINANCIAL ASSETS**

	<----- FYE 31 December ----->			<- FPE 30 September ->	
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	2022 RM'000 Unaudited	2023 RM'000 Audited
Allowance for impairment losses:					
- trade receivables (Note 9)	-	5,128	4,307	-	-
Bad debts written off:					
- other receivables	17	549	-	-	-
	17	5,677	4,307	-	-



**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**24. PROFIT BEFORE TAXATION**

	<----- FYE 31 December ----->			<- FPE 30 September ->	
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	2022 RM'000 Unaudited	2023 RM'000 Audited
Profit before taxation is arrived at after charging/(crediting):-					
Auditors' remuneration:					
- current year	106	94	180	101	130
- overprovision in the previous financial year	-	(21)	-	-	-
Accretion of interest on CRNCPS	-	-	2,260	1,582	2,004
Depreciation:					
- property, plant and equipment	4,084	8,802	18,864	13,645	19,826
- investment property	26	-	16	8	23
- right-of-use assets	35	2,063	6,489	4,150	6,698
Direct operating expenses on income generating investment property	64	-	4	-	*
Directors' fee	-	118	272	203	220
Directors' non-fee emoluments	2,078	1,801	2,732	1,354	1,401

**12. ACCOUNTANTS' REPORT (Cont'd)**
**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**24. PROFIT BEFORE TAXATION (CONT'D)**

	<----- FYE 31 December ----->			<- FPE 30 September ->	
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Unaudited	Audited
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-					
Lease expense:					
- short-term leases	90	69	-	-	20
- low-value assets	2	2	3	2	4
Loss on foreign exchange:					
- realised	*	264	1,161	331	174
- unrealised	696	115	-	469	75
Staff costs (including key management personnel as disclosed in Note 31(b)):					
- salaries and bonus	4,670	9,988	14,705	12,235	16,533
- defined contribution plan	286	301	585	493	839
- other benefits	75	200	474	346	552
Interest expense on lease liabilities					
	-	171	529	315	590
Other interest expenses:					
- bank overdraft	21	6	-	-	-
- term loans	1,214	3,040	3,302	2,350	2,366
- hire purchase payable	-	-	1	1	-
- factoring	118	-	-	-	-
- revolving credits	5	271	476	342	1,020
- CRNCPS	-	-	4,256	3,157	3,206
- shareholder of a subsidiary	-	98	138	112	78
- third parties	-	135	21	21	3,450
Gain on disposal:					
- property, plant and equipment	-	(3)	-	-	-
- investment property	(91)	-	-	-	-
Interest income	(60)	(118)	(107)	(85)	(307)
Lease income	(79)	-	(16)	-	(72)
Gain on foreign exchange:					
- realised	(2,450)	(329)	(320)	(306)	(137)
- unrealised	(236)	(39)	-	-	(154)
Dividend income					
- associate	-	-	(98)	-	-
(Gain)/Loss on lease modification	-	-	(177)	(177)	18
Gain on dissolution of a subsidiary	-	-	(499)	-	-
Fair value gain on CRNCPS	-	-	(7,282)	(7,282)	-

Note:-

\* - Represents amount lesser than RM1,000

**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****25. INCOME TAX EXPENSE**

	<----- FYE 31 December ----->			<- FPE 30 September ->	
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	2022 RM'000 Unaudited	2023 RM'000 Audited
Current tax expense	102	136	145	63	90
Under/(Over)provision in the previous financial year/period	-	*	252	252	(23)
	<u>102</u>	<u>136</u>	<u>397</u>	<u>315</u>	<u>67</u>
Deferred tax (Note 19):					
- origination and reversal of temporary differences	3,915	6,882	16,111	11,835	30,313
- overprovision in the previous financial year/period	-	-	(1,348)	-	(190)
	<u>3,915</u>	<u>6,882</u>	<u>14,763</u>	<u>11,835</u>	<u>30,123</u>
	<u>4,017</u>	<u>7,018</u>	<u>15,160</u>	<u>12,150</u>	<u>30,190</u>

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group is as follows:-

	<----- FYE 31 December ----->			<- FPE 30 September ->	
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	2022 RM'000 Unaudited	2023 RM'000 Audited
Profit before taxation	17,533	25,025	65,011	48,909	114,427
Tax at the statutory tax rate of 24%	4,208	6,006	15,603	11,738	27,462
Tax effects of:-					
Non-deductible expenses	225	1,333	647	1,056	3,147
Non-taxable income	(319)	(320)	-	(903)	(210)
Share of results in an associate	24	(1)	6	7	4
Differential in tax rates	(121)	-	-	-	-
Under/(Over)provision in the previous financial year/period:					-
- current tax	-	*	252	252	(23)
- deferred tax	-	-	(1,348)	-	(190)
Income tax expense for the financial year/period	<u>4,017</u>	<u>7,018</u>	<u>15,160</u>	<u>12,150</u>	<u>30,190</u>

Note:-

\* - Represents amount lesser than RM1,000

**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****26. EARNINGS PER SHARE**

The basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the Group for the financial year/period by the weighted average number of ordinary shares in issue during the financial year/period as follows:-

	<----- FYE 31 December ----->			<-- FPE 30 September -->	
	2020 Audited	2021 Audited	2022 Audited	2022 Unaudited	2023 Audited
Profit after taxation (RM'000)	13,516	17,621	48,877	36,047	83,352
Weighted average number of ordinary shares in issue ( <sup>'000</sup> ):					
Ordinary shares at 1 January	250,520 <sup>#</sup>	250,520	501,040	501,040	501,040
Effect of share split <sup>^</sup>	250,520	250,520	-	-	-
Weighted average number of ordinary shares in issue ( <sup>'000</sup> )	501,040	501,040	501,040	501,040	501,040
Basic earnings per ordinary share (Sen)	2.70	3.52	9.76	7.19	16.64

The diluted earnings per share is equal to the basic earnings per share because there were no potential ordinary shares as at the end of the financial year/period.

**Notes:-**

<sup>^</sup> The comparative figure for the weighted average number of ordinary shares in issue has been restated to reflect the adjustment arising from share split, which was completed on 27 December 2021.

<sup>#</sup> The Company increased its issued and paid-up share capital from RM2 to RM90,000,001 comprising of 180,000,000 ordinary shares during FYE 31 December 2020, following internal reorganisation exercise as disclosed in Note 12(d) to the consolidated financial statements.

The number of ordinary shares used for the calculation of earnings per share in a common control combination which is accounted for under reorganization scheme, is the aggregate of the weighted average number of shares of the entity whose shares are outstanding after the combination.

**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****27. DIVIDENDS**

	<----- FYE 31 December ----->			<-- FPE 30 September -->	
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	2022 RM'000 Unaudited	2023 RM'000 Audited
Interim dividend on ordinary shares:-					
In respect of the financial year ended 31 December 2020	500*	-	-	-	-
In respect of the financial year ended 31 December 2021	-	-	2,004	2,004	-
In respect of the financial year ended 31 December 2022	-	-	-	-	5,010
Annual dividend on CRCPS:-					
In respect of the financial year ended 31 December 2021	-	-	29	-	-
In respect of the financial year ended 31 December 2022	-	-	50	-	-
In respect of the financial period ended 30 September 2023	-	-	-	-	38
	<u>-</u>	<u>-</u>	<u>79</u>	<u>-</u>	<u>38</u>

Note:-

- \* - The dividend was declared by Keyfield Offshore on 31 August 2020, which was prior to the incorporation of Keyfield on 30 November 2020. The dividend was paid on 23 December 2020 by Keyfield Offshore.

Subsequent to the end of FPE 30 September 2023, Keyfield has declared a final dividend of RM0.03 per ordinary share amounted to RM15,031,200 in respect of the financial year ended 31 December 2023, paid on 22 February 2024.

**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****27. DIVIDENDS (CONT'D)**

Save for the following banking restrictive covenants which the following subsidiaries are subject to, there are no legal, financial, or economic restriction on the ability of the subsidiaries to transfer funds to Keyfield in the form of cash dividends, loans or advances as at the date of this report:-

- (i) Prior written consents from certain financial institutions for Keyfield Offshore to declare dividends to Keyfield; and
- (ii) Prior written consent from a certain financial institution for Keyfield Marine to declare dividends to Keyfield.

There is no debt covenant ratio which Keyfield or its subsidiaries needs to adhere to prior to declaring any dividends.

**28. ACQUISITION OF A SUBSIDIARY**

On 18 February 2022, Keyfield acquired 100% equity interests in Keyfield Resolute as disclosed in Note 36(t) to the consolidated financial statements.

The fair values of the identifiable assets acquired and liabilities assumed as at the date of acquisition were as follows:-

	<b>FYE 31 December 2022 RM'000 Audited</b>	<b>FPE 30 September 2022 RM'000 Unaudited</b>
Property, plant and equipment (Note 5)	77,855	77,855
Amount owing by a related company	1,405	1,405
Bank balance	448	448
Deferred tax liability (Note 19)	(35)	(35)
Other payables and accruals	(2,092)	(2,092)
Amount owing to a shareholder (Note 30 (b))	(65,781)	(65,781)
Net identifiable assets acquired	11,800	11,800
Total purchase consideration, settled by issuance of CRNCPS (Note 30(b))	(11,800)	(11,800)
Add: Cash and bank balances of a subsidiary acquired	448	448
Net cash inflow from the acquisition of a subsidiary	448	448

Pursuant to Paragraph 2(b) of MFRS 3 - Business Combinations, in the event of acquisition of an asset or group of assets that does not constitute a business, the acquirer shall identify and recognise the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in MFRS 138 - Intangible Assets) and liabilities assumed.

The acquisition of Keyfield Resolute was deemed as an acquisition of assets (vessels) that does not constitute as a business, therefore MFRS 3 - Business Combinations does not apply. No goodwill or bargain purchase is recognised. The cost of the group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values as at the date of purchase.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**28. ACQUISITION OF A SUBSIDIARY (CONT'D)**

Accordingly, the allocation of the purchase consideration to the assets and liabilities of the subsidiary in respect of the acquisition as at the acquisition date are summarised in the table below:-

	<b>FYE 31 December 2022 RM'000 Audited</b>	<b>FPE 30 September 2022 RM'000 Unaudited</b>
Purchase consideration	11,800	11,800
Net liabilities as at acquisition date	58	58
	<hr/>	<hr/>
Allocation of excess of purchase consideration to the property, plant and equipment	11,858	11,858
	<hr/>	<hr/>

The excess of purchase consideration is wholly allocated to property, plant and equipment considering that the carrying value accounted for approximately 97% of the total assets of the subsidiary.

**29. DISSOLUTION OF A SUBSIDIARY**

On 7 December 2022, Keyfield Marine Limited, a wholly-owned subsidiary of Keyfield Offshore, has been struck off pursuant to Section 151(4) of the Labuan Companies Act 1990. As a result, the Group has accounted this subsidiary as deemed disposed and has deconsolidated the results of this subsidiary from the Group. The financial effects arising from this deemed disposal are summarised below:-

	<b>FYE 31 December 2022 RM'000 Audited</b>
Carrying amount of net liabilities	(120)
Amount owing to a related company	628
Cost of investment	(430)
Foreign exchange translation reserve	79
Realised profit on disposal of a vessel, upon dissolution	342
	<hr/>
Gain on dissolution of a subsidiary	499
	<hr/>

**12. ACCOUNTANTS' REPORT (Cont'd)**
**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**30. CASH FLOW INFORMATION**

- (a) The cash disbursed for the purchase of property and equipment and the addition of right-of-use asset is as follows:-

	<----- FYE 31 December ----->			<-- FPE 30 September -->	
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Unaudited	Audited
<b>Property, plant and equipment</b>					
Cost	74,285	81,324	78,384	76,769	159,457
Less: Payment made by a related party (Note 30(b))	(15,986)	(4,153)	-	-	-
Less: Trade payables	(1,669)	-	(955)	(300)	-
Less: Other payables	-	-	(81)	(4)	(121)
Less: Prepayments made in the previous financial year/period	-	(8,096)	(259)	(259)	-
Less: Addition through term loan (Note 30(b))	-	(44,330)	-	-	-
Less: Addition through hire purchase arrangement	-	-	(300)	(300)	-
Less: Addition through instalment arrangement (Note 30(b))	-	-	-	-	(130,000)
Less: Addition through issuance of CRNCPS (Note 30(b))	-	-	(65,000)	(65,000)	-
Add: Payment in respect of previous financial year's/ period's purchases	-	1,669	-	-	1,036
	<u>56,630</u>	<u>26,414</u>	<u>11,789</u>	<u>10,906</u>	<u>30,372</u>
<b>Right-of-use assets</b>					
Cost	300	16,059	21,363	11,974	13,471
Less: Addition of new lease liabilities (Notes 17 and 30(b))	(150)	(16,059)	(21,363)	(11,974)	(13,471)
	<u>150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**30. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	----- Audited ----->				
	Term Loans RM'000	Lease Liability RM'000	Revolving Credits RM'000	Amount Owing to a Shareholder RM'000	Total RM'000
<b>FYE 31 December 2020</b>					
At 1 January	29,422	-	-	-	29,422
<u>Changes in Financing Cash Flows</u>					
Advances (Note 31(b))	-	-	-	58,846	58,846
Settlement of promissory note (Note 31(b))	-	-	-	(31,553)	(31,553)
Proceeds from drawdown	38,349	-	6,327	-	44,676
Repayment of principal	(9,782)	(20)	-	-	(9,802)
Repayment of interests	(1,214)	-	(5)	-	(1,219)
Foreign exchange gain (realised)	-	-	-	(1,584)	(1,584)
	27,353	(20)	6,322	25,709	59,364
<u>Other Changes</u>					
Addition of new lease (Notes 17 and 30(a))	-	150	-	-	150
Capitalisation of debt into ordinary shares (Note 31(b))	-	-	-	(20,500)	(20,500)
Interest expense recognised in profit or loss (Note 24)	1,214	-	5	-	1,219
Foreign exchange gain (unrealised)	-	-	-	(188)	(188)
	1,214	150	5	(20,688)	(19,319)
At 31 December	57,989	130	6,327	5,021	69,467

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**30. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	----- Audited ----->							
	Term Loans RM'000	Lease Liabilities RM'000	Revolving Credits RM'000	Amount Owing to a Shareholder RM'000	Other Payable (Shareholder of a Subsidiary) RM'000	Other Payable RM'000	CRNCPS RM'000	Total RM'000
<b>FYE 31 December 2021</b>								
At 1 January	57,989	130	6,327	5,021	-	-	-	69,467
<u>Changes in Financing</u>								
<u>Cash Flows</u>								
Advances	-	-	-	-	6,000	-	-	6,000
Proceeds from drawdown	259	-	10,412	-	-	5,060	-	15,731
Proceeds from issuance of CRNCPS (Note 16)	-	-	-	-	-	-	15,563	15,563
Repayment of principal	(18,069)	(1,982)	(8,099)	(5,021)	-	-	-	(33,171)
Repayment of interests	(3,040)	(171)	(271)	-	-	(135)	-	(3,617)
	(20,850)	(2,153)	2,042	(5,021)	6,000	4,925	15,563	506
Balance carried forward	37,139	(2,023)	8,369	-	6,000	4,925	15,563	69,973

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**30. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	----- Audited ----->							
	Term Loans RM'000	Lease Liabilities RM'000	Revolving Credits RM'000	Amount Owing to a Shareholder RM'000	Other Payable (Shareholder of a Subsidiary) RM'000	Other Payable RM'000	CRNCPS RM'000	Total RM'000
<b>FYE 31 December 2021</b>								
Balance brought forward	37,139	(2,023)	8,369	-	6,000	4,925	15,563	69,973
<u>Other Changes</u>								
Addition of new leases (Notes 17 and 30(a))	-	16,059	-	-	-	-	-	16,059
Acquisition of property, plant and equipment by a subsidiary (Note 30(a))	44,330	-	-	4,153	-	-	-	48,483
Capitalisation of debts into:								
- ordinary shares	-	-	-	-	(500)	-	-	(500)
- CCPS	-	-	-	-	(2,500)	-	-	(2,500)
Interest expense recognised in profit or loss (Note 24)	3,040	171	271	-	98	135	-	3,715
Foreign exchange gain (unrealised)	-	-	-	12	-	146	-	158
	47,370	16,230	271	4,165	(2,902)	281	-	65,415
At 31 December	84,509	14,207	8,640	4,165	3,098	5,206	15,563	135,388

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**30. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	----- Audited ----->							
	Term Loans RM'000	Lease Liabilities RM'000	Revolving Credits RM'000	Amount Owing to a Shareholder RM'000	Other Payable (Shareholder of a Subsidiary) RM'000	Other Payable RM'000	CRNCPS RM'000	Total RM'000
<b>FYE 31 December 2022</b>								
At 1 January	84,509	14,207	8,640	4,165	3,098	5,206	15,563	135,388
<u>Changes in Financing Cash Flows</u>								
Proceeds from drawdown	10,116	-	25,669	-	-	-	-	35,785
Redemption of CRNCPS (Note 16)	-	-	-	-	-	-	(15,563)	(15,563)
Repayment of principal	(35,228)	(6,389)	(14,368)	(4,946)	(1,000)	(5,206)	-	(67,137)
Repayment of interests	(1,976)	(529)	(476)	-	(236)	(21)	(693)	(3,931)
	(27,088)	(6,918)	10,825	(4,946)	(1,236)	(5,227)	(16,256)	(50,846)
Balance carried forward	57,421	7,289	19,465	(781)	1,862	(21)	(693)	84,542

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**30. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	----- Audited ----->							
	Term Loans RM'000	Lease Liabilities RM'000	Revolving Credits RM'000	Amount Owing to a Shareholder RM'000	Other Payable (Shareholder of a Subsidiary) RM'000	Other Payable RM'000	CRNCPS RM'000	Total RM'000
<b>FYE 31 December 2022</b>								
Balance brought forward	57,421	7,289	19,465	(781)	1,862	(21)	(693)	84,542
<u>Other Changes</u>								
Acquisition of a subsidiary through issuance of CRNCPS (Note 28)	-	-	-	65,781	-	-	11,800	77,581
Capitalisation of debt owing by a subsidiary into CRNCPS (Note 31(b))	-	-	-	(65,000)	-	-	65,000	-
Acquisition of property, plant and equipment through issuance of CRNCPS (Note 30(a))	-	-	-	-	-	-	65,000	65,000
Accretion of interest on CRNCPS (Notes 16 and 24)	-	-	-	-	-	-	2,260	2,260
Addition of new leases (Notes 17 and 30(a))	-	21,363	-	-	-	-	-	21,363
	-	21,363	-	781	-	-	144,060	166,204
Balance carried forward	57,421	28,652	19,465	-	1,862	(21)	143,367	250,746

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**30. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	----- Audited ----->							
	Term Loans RM'000	Lease Liabilities RM'000	Revolving Credits RM'000	Amount Owing to a Shareholder RM'000	Other Payable (Shareholder of a Subsidiary) RM'000	Other Payable RM'000	CRNCPS RM'000	Total RM'000
<b>FYE 31 December 2022</b>								
Balance brought forward	57,421	28,652	19,465	-	1,862	(21)	143,367	250,746
<u>Other Changes (Cont'd)</u>								
Changes due to lease modification (Note 17)	-	(10,244)	-	-	-	-	-	(10,244)
Fair value gain on CRNCPS (Notes 16 and 24)	-	-	-	-	-	-	(7,282)	(7,282)
Interest expenses recognised in profit or loss (Note 24)	3,302	529	476	-	138	21	4,256	8,722
Other payables	(1,326)	-	-	-	-	-	-	(1,326)
	1,976	(9,715)	476	-	138	21	(3,026)	(10,130)
At 31 December	59,397	18,937	19,941	-	2,000	-	140,341	240,616

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**30. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	----- Unaudited ----->							
	Term Loans RM'000	Lease Liabilities RM'000	Revolving Credits RM'000	Amount Owing to a Shareholder RM'000	Other Payable (Shareholder of a Subsidiary) RM'000	Other Payable RM'000	CRNCPS RM'000	Total RM'000
<b>FPE 30 September 2022</b>								
At 1 January	84,509	14,207	8,640	4,165	3,098	5,206	15,563	135,388
<u>Changes in Financing</u>								
<u>Cash Flows</u>								
Proceeds from drawdown	10,116	-	14,882	-	-	-	-	24,998
Redemption of CRNCPS	-	-	-	-	-	-	(10,000)	(10,000)
Repayment of principal	(18,997)	(3,820)	(12,368)	(446)	-	(5,206)	-	(40,837)
Repayment of interests	(2,350)	(267)	(342)	-	-	(21)	(663)	(3,643)
	(11,231)	(4,087)	2,172	(446)	-	(5,227)	(10,663)	(29,482)
Balance carried forward	73,278	10,120	10,812	3,719	3,098	(21)	4,900	105,906

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**30. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	----- Unaudited -----							
	Term Loans RM'000	Lease Liabilities RM'000	Revolving Credits RM'000	Amount Owing to a Shareholder RM'000	Other Payable (Shareholder of a Subsidiary) RM'000	Other Payable RM'000	CRNCPS RM'000	Total RM'000
<b>FPE 30 September 2022</b>								
Balance brought forward	73,278	10,120	10,812	3,719	3,098	(21)	4,900	105,906
<u>Other Changes</u>								
Acquisition of a subsidiary through issuance of CRNCPS (Note 28)	-	-	-	65,781	-	-	11,800	77,581
Capitalisation of debt owing by a subsidiary into CRNCPS (Note 31(b))	-	-	-	(65,000)	-	-	65,000	-
Acquisition of property, plant and equipment through issuance of CRNCPS (Note 30(a))	-	-	-	-	-	-	65,000	65,000
Accretion of interest on CRNCPS (Note 24)	-	-	-	-	-	-	1,582	1,582
Addition of new leases (Note 30(a))	-	11,974	-	-	-	-	-	11,974
	-	11,974	-	781	-	-	143,382	156,137
Balance carried forward	73,278	22,094	10,812	4,500	3,098	(21)	148,282	262,043



**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**30. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	----- Unaudited ----->							
	Term Loans RM'000	Lease Liabilities RM'000	Revolving Credits RM'000	Amount Owing to a Shareholder RM'000	Other Payable (Shareholder of a Subsidiary) RM'000	Other Payable RM'000	CRNCPS RM'000	Total RM'000
<b>FPE 30 September 2022</b>								
Balance brought forward	73,278	22,094	10,812	4,500	3,098	(21)	148,282	262,043
<u>Other Changes (Cont'd)</u>								
Changes due to lease modification	-	(10,244)	-	-	-	-	-	(10,244)
Fair value gain on CRNCPS (Note 24)	-	-	-	-	-	-	(7,282)	(7,282)
Interest expenses recognised in profit or loss (Note 24)	2,350	315	342	-	112	21	3,157	6,297
Foreign exchange loss (unrealised)	-	-	-	469	-	-	-	469
	2,350	(9,929)	342	469	112	21	(4,125)	(10,760)
At 30 September	75,628	12,165	11,154	4,969	3,210	-	144,157	251,283

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**30. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	Term Loans RM'000	Lease Liabilities RM'000	Revolving Credits RM'000	Audited Other Payable (Shareholder of a Subsidiary) RM'000	Other Payables RM'000	CRNCPS RM'000	Total RM'000
<b>FPE 30 September 2023</b>	59,397	18,937	19,941	2,000	-	140,341	240,616
At 1 January							
<u>Changes in Financing Cash Flows</u>							
Proceeds from drawdown	3,000	-	25,333	-	-	-	28,333
Repayment of principal	(23,326)	(6,461)	(28,407)	(2,000)	(11,518)	-	(71,712)
Repayment of interests	(2,366)	(590)	(1,020)	(78)	(3,450)	(4,275)	(11,779)
	(22,692)	(7,051)	(4,094)	(2,078)	(14,968)	(4,275)	(55,158)
Balance carried forward	36,705	11,886	15,847	(78)	(14,968)	136,066	185,458

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**30. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	Term Loans RM'000	Lease Liabilities RM'000	Revolving Credits RM'000	Audited Other Payable (Shareholder of a Subsidiary) RM'000	Other Payables RM'000	CRNCPS RM'000	Total RM'000
<b>FPE 30 September 2023</b>							
Balance brought forward	36,705	11,886	15,847	(78)	(14,968)	136,066	185,458
<u>Other Changes (Cont'd)</u>							
Addition of new leases (Notes 17 and 30(a))	-	13,471	-	-	-	-	13,471
Derecognition due to lease termination (Note 17)	-	(8,613)	-	-	-	-	(8,613)
Acquisition of property, plant and equipment through instalment arrangement (Note 30(a))	-	-	-	-	130,000	-	130,000
Accretion of interest on CRNCPS (Notes 16 and 24)	-	-	-	-	-	2,004	2,004
Interest expenses recognised in profit or loss (Note 24)	2,366	590	1,020	78	3,450	3,206	10,710
	2,366	5,448	1,020	78	133,450	5,210	147,572
At 30 September	39,071	17,334	16,867	-	118,482	141,276	333,030

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**30. CASH FLOW INFORMATION (CONT'D)**

(c) The cash and cash equivalents comprise the following:-

	<----- FYE 31 December ----->			<-- FPE 30 September -->	
	<b>2020</b> RM'000 Audited	<b>2021</b> RM'000 Audited	<b>2022</b> RM'000 Audited	<b>2022</b> RM'000 Unaudited	<b>2023</b> RM'000 Audited
Fixed deposits with licensed banks	2,711	6,179	6,240	6,240	7,304
Cash and bank balances	20,176	14,656	17,024	11,246	36,668
	<u>22,887</u>	<u>20,835</u>	<u>23,264</u>	<u>17,486</u>	<u>43,972</u>
Less: Fixed deposits pledged to licensed banks (Note 11(a))	(2,711)	(2,436)	(2,436)	(2,436)	(4,235)
Less: Fixed deposit restricted for use (Note 11(b))	-	(3,743)	(3,804)	(3,804)	(3,069)
	<u>20,176</u>	<u>14,656</u>	<u>17,024</u>	<u>11,246</u>	<u>36,668</u>

**31. RELATED PARTY DISCLOSURES**

**(a) Subsidiaries**

The subsidiaries as disclosed in Note 1 to the consolidated financial statements.

**12. ACCOUNTANTS' REPORT (Cont'd)**
**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**31. RELATED PARTY DISCLOSURES (CONT'D)**
**(b) Significant Related Party Transactions and Balances**

Other than those disclosed elsewhere in the financial statements, the Group also carried out the following significant transactions with the related parties during the financial year/period:-

	As at 31 December			As at 30 September	
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	2022 RM'000 Unaudited	2023 RM'000 Audited
<b>An Associate</b>					
Advances from an associate	230	-	-	-	-
Payment made for an associate	176	2	-	-	-
Dividend received from an associate	-	-	98	98	-
<b>Related Parties</b>					
Capitalisation of debt owing to a related party by Keyfield Marine into ordinary shares in Keyfield	14,760	-	-	-	-
Novation of a Shipbuilding Contract from a related party <sup>#</sup>	70,984	-	-	-	-
<b>Shareholders</b>					
Advances from a shareholder	58,846	-	-	-	-
Payment made by a shareholder	-	4,153	-	-	-
Capitalisation of debt owing to a shareholder by Keyfield Offshore into ordinary shares in Keyfield	20,500	-	-	-	-
Issuance of ordinary shares in Keyfield Offshore to a shareholder	10,001	-	-	-	-
Capitalisation of debt owing to a shareholder by Keyfield Resolute, into CRNCPS in Keyfield	-	-	65,000	65,000	-

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**31. RELATED PARTY DISCLOSURES (CONT'D)**

**(b) Significant Related Party Transactions and Balances (Cont'd)**

	As at 31 December			As at 30 September	
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	2022 RM'000 Unaudited	2023 RM'000 Audited
<b>Shareholders (Cont'd)</b>					
Settlement of promissory note to a shareholder	31,553	-	-	-	-
Dividend on ordinary shares to shareholders	174	-	1,068	1,068	2,669
Acquisition of interests in Keyfield Offshore (Note 12(d)(ii))	31,247	-	-	-	-
Acquisition of interests in Keyfield Resolute from a shareholder through issuance of CRNCPS <sup>^</sup>	-	-	11,800	11,800	-
Interest charged on CRNCPS	-	-	1,949	2,494	1,744
<b>Directors</b>					
Advances from directors	205	-	-	-	-
Dividend on ordinary shares to directors	326	-	936	936	2,341
Payment made by directors	39	-	-	-	-
Conversion of NCNRCPS into ordinary shares in Keyfield Offshore by a director	33,000	-	-	-	-
Acquisition of interests in Keyfield Offshore (Note 12(d)(ii))	58,753	-	-	-	-

**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****31. RELATED PARTY DISCLOSURES (CONT'D)****(b) Significant Related Party Transactions and Balances (Cont'd)**

	As at 31 December			As at 30 September	
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	2022 RM'000 Unaudited	2023 RM'000 Audited
<b>Other Key Management Personnel</b>					
Salaries and bonuses	683	830	1,661	890	791
Defined contribution plan	55	95	176	93	87
Other benefits	10	3	5	3	3
<b>Transaction with Keyfield Resolute prior to Acquisition of Keyfield Resolute by Keyfield</b>					
Payment made for Keyfield Resolute by Keyfield Offshore*	-	2,289	-	-	-
Chartering of vessel from Keyfield Resolute by Keyfield Offshore*	-	3,751	390	390	-
<b>Other Parties</b>					
Rental of office units <sup>@</sup>	-	-	-	-	399

## Notes:-

- # - This was in relation to a Novation Agreement of a Shipbuilding Contract for Laguna Setia 2 of USD17,000,000, novated from Wisdom Creator Limited ("WCL") to Keyfield Marine. As of the date of the Novation Agreement, on 19 August 2020, the total amount paid by WCL was amounted to approximately USD3,831,000 (equivalent to approximately RM15,986,000). In addition, Keyfield Offshore has paid on behalf of Keyfield Marine, a total amount of approximately USD8,204,000 (equivalent to approximately RM34,398,000) which has been eliminated at the Group level.
- \* - This was in relation to the transactions by Keyfield Offshore with Keyfield Resolute while Keyfield Resolute was still a subsidiary of Lavin.
- ^ - This was in relation to issuance of CRNCPS for total nominal value of RM12,500,000 to Lavin, as disclosed in Note 36(t) to the consolidation financial statements. The cost of investment was recognised at approximately RM11,800,000 after fair value adjustment amounted to approximately RM700,000.

**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****31. RELATED PARTY DISCLOSURES (CONT'D)****(b) Significant Related Party Transactions and Balances (Cont'd)**

Notes (Cont'd):-

- @ - This was in relation to the transactions by Keyfield Offshore for rental of office units with 10 Tower Sdn. Bhd. and Helix Management Sdn. Bhd.. London Bridge Property Management Sdn. Bhd. has rented office units to 10 Tower Sdn. Bhd. and Helix Management Sdn. Bhd., which then further rented the said office units to Keyfield Offshore. Calvin Lau Chuen Yien is the sole director and shareholder of London Bridge Property Management Sdn. Bhd.. Calvin Lau Chuen Yien is also a substantial shareholder of Lavin, a substantial shareholder of Keyfield. As such, this transaction is considered a related party transaction. The rental rate is based on the prevailing market rental rates for which an office space at the similar location can be rented from non-related parties.

**32. SEGMENTAL REPORTING****32.1 BUSINESS SEGMENT AND GEOGRAPHICAL INFORMATION**

The Group operates predominantly in one business segment in Malaysia. Accordingly, the information by business and geographical segments is not presented.

**32.2 MAJOR CUSTOMERS**

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:-

	<----- FYE 31 December ----->			<-- FPE 30 September -->	
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	2022 RM'000 Unaudited	2023 RM'000 Audited
Customer #1	21,023	39,233	86,870	62,047	179,537
Customer #2	-	-	30,766	23,681	*
Customer #3	8,077	20,308	26,782	21,302	*
Customer #4	-	*	20,326	*	*
Customer #5	-	-	13,274	*	*
Customer #6	-	17,735	-	-	-
Customer #7	10,045	*	-	-	-
Customer #8	14,052	*	*	*	*
Customer #9	11,020	-	-	-	-

Note:-

- \* - Represents amount less than 10% of the Group's total revenue



**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**33. CAPITAL COMMITMENTS**

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	RM'000	RM'000	RM'000	2023
	Audited	Audited	Audited	RM'000
	Audited	Audited	Audited	Audited
Property and equipment:				
- capital work-in-progress	388	129	-	-
- vessel	50,413*	-	-	-
- vessel equipment	-	-	-	1,133
	50,801	129	-	1,133

\* - Represents the remaining purchase consideration of Keyfield Falcon amounting to USD12,550,000 (equivalent to approximately RM50,413,000). As at the end of FYE 31 December 2020, the Group has paid a total deposit amounting to USD1,950,000 (equivalent to approximately RM8,096,000) out of the total consideration of USD14,500,000, as disclosed in Note 10(c) to the consolidated financial statements.

**34. FOREIGN EXCHANGE RATE**

The Group's principal closing foreign exchange rate used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of the foreign currency balances at the end of the reporting period were as follows:-

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	Audited	Audited	Audited	2023
	Audited	Audited	Audited	Audited
United States Dollar	4.0170	4.1650	4.3900	4.6920
Singapore Dollar	3.0396	3.0853	3.2740	3.4439
Chinese Yuan	-	0.6547	-	-
British Pound	-	-	5.2926	-
Euro	-	-	4.6846	-

**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS**

The activities of the Group are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

**35.1 FINANCIAL RISK MANAGEMENT POLICIES**

The Group's policies in respect of the major areas of treasury activity are as follows:-

**(a) Market Risk****(i) Foreign Currency Risk**

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia ("RM"). The currency giving rise to this risk is primarily United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

*Foreign Currency Exposure*

The exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

	<----- Audited ----->		
	United States Dollar RM'000	Singapore Dollar RM'000	Total RM'000
<b>FYE 31 December 2020</b>			
<u>Financial Assets</u>			
Cash and bank balances	2,577	4	2,581
Other receivables	1,710	-	1,710
	4,287	4	4,291
<u>Financial Liability</u>			
Other payables	(6,226)	-	(6,226)
Net financial (liabilities)/ assets denominated in foreign currencies	(1,939)	4	(1,935)

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**35. FINANCIAL INSTRUMENTS (CONT'D)**

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

*Foreign Currency Exposure (Cont'd)*

	----- Audited ----->			
	United States Dollar RM'000	Singapore Dollar RM'000	Chinese Yuan RM'000	Total RM'000
<b>FYE 31 December 2021</b>				
<u>Financial Assets</u>				
Trade receivables	3,353	-	-	3,353
Other receivables	242	-	-	242
Cash and bank balances	2,043	106	-	2,149
	5,638	106	-	5,744
<u>Financial Liabilities</u>				
Trade payables	(685)	(4)	(156)	(845)
Other payables	(10,263)	-	-	(10,263)
Lease liabilities	(13,874)	-	-	(13,874)
	(24,822)	(4)	(156)	(24,982)
Net financial (liabilities)/assets denominated in foreign currencies	(19,184)	102	(156)	(19,238)

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**35. FINANCIAL INSTRUMENTS (CONT'D)**

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

*Foreign Currency Exposure (Cont'd)*

	----- Audited ----->				
	United States Dollar RM'000	Singapore Dollar RM'000	British Pound RM'000	Euro RM'000	Total RM'000
<b>FYE 31 December 2022</b>					
<u>Financial Assets</u>					
Trade receivables	1,940	-	-	-	1,940
Cash and bank balances	86	47	-	-	133
	2,026	47	-	-	2,073
<u>Financial Liabilities</u>					
Trade payables	(259)	(37)	-	(28)	(324)
Other payables	(2,157)	(17)	(1)	-	(2,175)
	(2,416)	(54)	(1)	(28)	(2,499)
Net financial liabilities denominated in foreign currencies	(390)	(7)	(1)	(28)	(426)

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**35. FINANCIAL INSTRUMENTS (CONT'D)**

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

*Foreign Currency Exposure (Cont'd)*

**FYE 30 September 2023**

Financial Assets

Trade receivables  
Cash and bank balances

Financial Liability

Trade payables

Net financial assets/(liabilities)  
denominated in foreign currencies

	←----- Audited ----->		
	United States Dollar RM'000	Singapore Dollar RM'000	Total RM'000
	530	-	530
	429	46	475
	959	46	1,005
	(210)	(820)	(1,030)
	749	(774)	(25)

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**35. FINANCIAL INSTRUMENTS (CONT'D)**

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

*Foreign Currency Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting year/period, with all other variables held constant:-

	<----- FYE 31 December ----->			FPE 30
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	September 2023 RM'000 Audited
<b>Effects on Profit After Taxation/Other Comprehensive Income</b>				
USD/RM:				
- strengthened by 5%	(74)	(729)	(15)	28
- weakened by 5%	74	729	15	(28)
<hr/>				
SGD/RM:				
- strengthened by 5%	*	4	*	(29)
- weakened by 5%	*	(4)	*	29
<hr/>				
RMB/RM:				
- strengthened by 5%	-	(6)	-	-
- weakened by 5%	-	6	-	-
<hr/>				

Note:-

\* - Represents amount lesser than RM1,000

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**35. FINANCIAL INSTRUMENTS (CONT'D)**

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

*Foreign Currency Risk Sensitivity Analysis (Cont'd)*

	<----- FYE 31 December ----->			FPE 30
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	September 2023 RM'000 Audited
<b>Effects on Profit After Taxation/Other Comprehensive Income</b>				
EUR/RM:				
- strengthened by 5%	-	-	(1)	-
- weakened by 5%	-	-	1	-
GBP/RM:				
- strengthened by 5%	-	-	*	-
- weakened by 5%	-	-	*	-

Note:-

\* - Represents amount lesser than RM1,000

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**35. FINANCIAL INSTRUMENTS (CONT'D)**

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group adopts a policy of obtaining the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The fixed rate debt instruments of the Group is not subject to interest rate risk since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The exposure to interest rate risk are summarised below:-

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	RM'000	RM'000	RM'000	2023
	Audited	Audited	Audited	RM'000
				Audited
<b>Floating rate instruments</b>				
Other payables (interest-bearing)	-	5,206	-	-
Term loans	20,330	55,489	43,914	34,212
Revolving credits	6,327	8,640	19,941	16,867
	<u>26,657</u>	<u>69,335</u>	<u>63,855</u>	<u>51,079</u>



**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**35. FINANCIAL INSTRUMENTS (CONT'D)**

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(ii) Interest Rate Risk (Cont'd)

*Interest rate risk sensitivity analysis*

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	<----- FYE 31 December ----->			FPE 30 September
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
<b>Effects on Profit After Taxation/Other Comprehensive Income</b>				
Increase of 100 basis points	(203)	(527)	(485)	(388)
Decrease of 100 basis points	203	527	485	388
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**35. FINANCIAL INSTRUMENTS (CONT'D)**

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) **Credit Risk**

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) **Credit Risk Concentration Profile**

The Group's major concentration of credit risk relates to the amount owing by customers of its trade receivables at the end of the reporting period as follows:-

	<----- FYE 31 December ----->		FPE 30 September 2023
	2020 Audited	2021 Audited	2022 Audited
Number of customers	3	4	2
Percentage of trade receivable (%)	72.06	72.73	69.14

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**35. FINANCIAL INSTRUMENTS (CONT'D)**

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

The Group has credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk loss.

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficult of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; and
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group uses a more lagging past due criterion for a certain trade receivables when it is more appropriate to reflect their loss patterns.

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**35. FINANCIAL INSTRUMENTS (CONT'D)**

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

*Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over a period before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year/period.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**35. FINANCIAL INSTRUMENTS (CONT'D)**

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

*Allowance for Impairment Losses*

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:-

	<----- Audited ----->			
	Gross Amount RM'000	Lifetime Individual Allowance RM'000	Lifetime Collective Allowance RM'000	Carrying Amount RM'000
<b>FYE 31 December 2020</b>				
Trade receivables with credit terms:				
- current (not past due)	6,976	-	-	6,976
- 1 to 30 days past due	3,924	-	-	3,924
- 31 to 60 days past due	2,195	-	-	2,195
- 61 to 90 days past due	379	-	-	379
- more than 90 days past due	1,174	-	-	1,174
	14,648	-	-	14,648
Trade receivables without credit terms*	8,012	-	-	8,012
	22,660	-	-	22,660

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**35. FINANCIAL INSTRUMENTS (CONT'D)**

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

*Allowance for Impairment Losses (Cont'd)*

	<----- Audited ----->			
	Gross Amount RM'000	Lifetime Individual Allowance RM'000	Lifetime Collective Allowance RM'000	Carrying Amount RM'000
<b>FYE 31 December 2021</b>				
Trade receivables with credit terms:				
- current (not past due)	22,440	-	-	22,440
- 1 to 30 day past due	6,937	-	-	6,937
- 31 to 60 day past due	11,639	-	-	11,639
- 61 to 90 days past due	6,475	(736)	-	5,739
- more than 90 days past due	12,626	(4,392)	-	8,234
	60,117	(5,128)	-	54,989
Trade receivables without credit terms*	9,900	-	-	9,900
	70,017	(5,128)	-	64,889

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**35. FINANCIAL INSTRUMENTS (CONT'D)**

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

*Allowance for Impairment Losses (Cont'd)*

	<----- Audited ----->			
	Gross Amount RM'000	Lifetime Individual Allowance RM'000	Lifetime Collective Allowance RM'000	Carrying Amount RM'000
<b>FYE 31 December 2022</b>				
Trade receivables with credit terms:				
- current (not past due)	14,263	-	-	14,263
- 1 to 30 days past due	20,030	-	-	20,030
- 31 to 60 days past due	13,961	-	-	13,961
- 61 to 90 days past due	15,437	-	-	15,437
- more than 90 days past due	21,921	(8,616)	-	13,305
	85,612	(8,616)	-	76,996
Trade receivables without credit terms*	11,012	-	-	11,012
	96,624	(8,616)	-	88,008

**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)**

## 35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

## (iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)Allowance for Impairment Losses (Cont'd)

	<----- Audited ----->			
	Gross Amount RM'000	Lifetime Individual Allowance RM'000	Lifetime Collective Allowance RM'000	Carrying Amount RM'000
<b>FPE 30</b>				
<b>September</b>				
<b>2023</b>				
Trade receivables with credit terms:				
- current (not past due)	82,148	-	-	82,148
- 1 to 30 days past due	13,907	-	-	13,907
- 31 to 60 days past due	17,172	-	-	17,172
- 61 to 90 days past due	4,918	-	-	4,918
- more than 90 days past due	14,555	(8,616)	-	5,939
	132,700	(8,616)	-	124,084
Trade receivables without credit terms*	23,308	-	-	23,308
	156,008	(8,616)	-	147,392

\* - The Group's normal trade credit terms range from 30 to 120 days. Other credit terms are assessed and approved on a case-by-case basis which include back-to-back arrangement i.e. the Group will receive payment when its customers received theirs.

The movements in the loss allowances in respect of trade receivables is disclosed in Note 9 to the consolidated financial statements.



**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**35. FINANCIAL INSTRUMENTS (CONT'D)**

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) **Credit Risk (Cont'd)**

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables and Amount Owing by Related Parties

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables and amount owing by related parties.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

*Allowance for Impairment Losses*

No expected credit loss is recognised on other receivables as it is negligible.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**35. FINANCIAL INSTRUMENTS (CONT'D)**

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) **Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

*Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

		←----- Audited ----->				
	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
<b>FYE 31 December 2020</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	13,638	13,638	13,638	-	-
Other payables	-	9,214	9,214	9,214	-	-
Lease liability	4.22	130	141	53	88	-
Term loans	3.41 - 7.45	57,989	63,742	18,040	43,497	2,205
Revolving credits	3.80 - 4.30	6,327	6,327	6,327	-	-
		87,298	93,062	47,272	43,585	2,205

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**35. FINANCIAL INSTRUMENTS (CONT'D)**

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) **Liquidity Risk (Cont'd)**

*Maturity Analysis (Cont'd)*

	Effective Interest Rate %	←----- Audited ----->				
		Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
<b>FYE 31 December 2021</b>						
<u>Non-derivative Financial Liabilities</u>						
CRNCPS	5.00	15,563	17,832	778	17,054	-
Trade payables	-	33,923	33,923	33,923	-	-
Other payables (non-interest bearing)	-	7,283	7,283	7,283	-	-
Other payables (interest-bearing)	2.60 - 5.00	8,304	8,650	383	8,267	-
Lease liabilities	3.00 - 4.75	14,207	14,797	5,769	9,028	-
Term loans	2.60 - 7.45	84,509	92,637	33,440	53,684	5,513
Revolving credits	3.80 - 4.30	8,640	8,640	8,640	-	-
		172,429	183,762	90,216	88,033	5,513

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**35. FINANCIAL INSTRUMENTS (CONT'D)**

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) **Liquidity Risk (Cont'd)**

*Maturity Analysis (Cont'd)*

	Effective Interest Rate %	----- Audited ----->				
		Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
<b>FYE 31 December 2022</b>						
<u>Non-derivative Financial Liabilities</u>						
CRNCPS	3.00	140,341	155,325	7,859	147,466	-
Trade payables	-	33,719	33,719	33,719	-	-
Other payables	5.00	5,762	5,896	3,863	2,033	-
Lease liabilities	3.72 - 4.88	18,937	19,775	11,589	8,186	-
Term loans	4.41 - 6.64	59,397	67,620	34,681	27,430	5,509
Revolving credits	4.78 - 5.28	19,941	19,941	19,941	-	-
		278,097	302,276	111,652	185,115	5,509

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**35. FINANCIAL INSTRUMENTS (CONT'D)**

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) **Liquidity Risk (Cont'd)**

*Maturity Analysis (Cont'd)*

		<----- Audited ----->				
	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
<b>FYE 30 September 2023</b>						
<u>Non-derivative Financial Liabilities</u>						
CRNCPS	3.00	141,276	151,050	6,769	144,281	-
Trade payables	-	51,500	51,500	51,500	-	-
Other payables (non-interest bearing)	-	2,362	2,362	2,362	-	-
Other payables (interest-bearing)	5.50	118,482	130,456	29,937	100,519	-
Lease liabilities	4.88 - 5.89	17,334	18,264	11,620	6,644	-
Term loans	4.66 - 7.94	39,071	46,270	30,933	9,893	5,444
Revolving credits	5.16 - 5.66	16,867	16,867	16,867	-	-
Dividend payable	-	38	38	38	-	-
		386,930	416,807	150,026	261,337	5,444

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**35. FINANCIAL INSTRUMENTS (CONT'D)**

35.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, other payables with interest-bearing, loans and borrowings from financial institutions less cash and cash equivalents. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	<----- FYE 31 December ----->			<b>FPE 30</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>September</b>
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
CRNCPS	-	15,563	140,341	141,276
Other payables (interest-bearing)	-	8,304	2,000	118,482
Lease liabilities	130	14,207	18,937	17,334
Term loans	57,989	84,509	59,397	39,071
Revolving credits	6,327	8,640	19,941	16,867
	<u>64,446</u>	<u>131,223</u>	<u>240,616</u>	<u>333,030</u>
Less: Fixed deposits with licensed banks	(2,711)	(6,179)	(6,240)	(7,304)
Less: Cash and bank balances	(20,176)	(14,656)	(17,024)	(36,668)
	<u>41,559</u>	<u>110,388</u>	<u>217,352</u>	<u>289,058</u>
Net debts	41,559	110,388	217,352	289,058
	<u>123,732</u>	<u>144,682</u>	<u>192,337</u>	<u>271,526</u>
Total equity	123,732	144,682	192,337	271,526
	<u>0.34</u>	<u>0.76</u>	<u>1.13</u>	<u>1.06</u>
Debt-to-equity ratio	0.34	0.76	1.13	1.06

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**35. FINANCIAL INSTRUMENTS (CONT'D)**

35.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	RM'000 Audited
<b>Financial Assets</b>				
<u>Amortised Cost</u>				
Trade receivables	22,660	64,889	88,008	147,392
Other receivables	1,716	313	25	-
Fixed deposits with licensed banks	2,711	6,179	6,240	7,304
Cash and bank balances	20,176	14,656	17,024	36,668
	47,263	86,037	111,297	191,364
<b>Financial Liabilities</b>				
<u>Amortised Cost</u>				
CRNCPS	-	15,563	140,341	141,276
Trade payables	13,638	33,923	33,719	51,500
Other payables	9,214	15,587	5,762	120,882
Lease liabilities	130	14,207	18,937	17,334
Term loans	57,989	84,509	59,397	39,071
Revolving credits	6,327	8,640	19,941	16,867
	87,298	172,429	278,097	386,930

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**35. FINANCIAL INSTRUMENTS (CONT'D)**

35.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	RM'000	RM'000	RM'000	2023
	Audited	Audited	Audited	RM'000
				Audited
<b>Financial Assets</b>				
<u>Amortised Cost</u>				
Net gains/(losses) recognised in profit or loss	141	(5,339)	(2,896)	496
	<u>141</u>	<u>(5,339)</u>	<u>(2,896)</u>	<u>496</u>
<b>Financial Liabilities</b>				
<u>Amortised Cost</u>				
Net gains/(losses) recognised in profit or loss	534	(3,952)	(9,717)	(12,863)
	<u>534</u>	<u>(3,952)</u>	<u>(9,717)</u>	<u>(12,863)</u>



**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)**

## 35.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

As the Group does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000		
<b>FYE 31 December 2020 (Audited)</b>					
<u>Financial Liability</u>					
Term loan (fixed rate)	-	37,659	-	37,659	37,659
Term loans (floating rate)	-	20,330	-	20,330	20,330
<b>FYE 31 December 2021 (Audited)</b>					
<u>Financial Liabilities</u>					
CRNCPS (fixed rate)	-	15,563	-	15,563	15,563
Other payable (fixed rate)	-	3,098	-	3,098	3,098
Other payable (floating rate)	-	5,206	-	5,206	5,206
Term loan (fixed rate)	-	29,020	-	29,020	29,020
Term loans (floating rate)	-	55,489	-	55,489	55,489

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**35. FINANCIAL INSTRUMENTS (CONT'D)**

35.5 FAIR VALUE INFORMATION (CONT'D)

As the Group does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period (cont'd):-

	Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000		
<b>FYE 31 December 2022 (Audited)</b>					
<u>Financial Liabilities</u>					
CRNCPS (fixed rate)	-	140,341	-	140,341	140,341
Other payable (fixed rate)	-	2,000	-	1,994	2,000
Term loan (fixed rate)	-	15,483	-	15,483	15,483
Term loans (floating rate)	-	43,914	-	43,914	43,914
<b>FPE 30 September 2023 (Audited)</b>					
<u>Financial Liabilities</u>					
CRNCPS (fixed rate)	-	141,276	-	141,276	141,276
Other payable (fixed rate)	-	118,482	-	118,482	118,482
Term loan (fixed rate)	-	4,859	-	4,859	4,859
Term loans (floating rate)	-	34,212	-	34,212	34,212

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**35. FINANCIAL INSTRUMENTS (CONT'D)**

35.5 FAIR VALUE INFORMATION (CONT'D)

(a) **Fair Value of Financial Instruments Not Carried at Fair Value**

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair value of the term loans and interest-bearing payables that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.
- (ii) The fair values of CRNCPS, interest-bearing payables and term loan that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	<----- FYE 31 December ----->			FPE 30 September
	2020 %	2021 %	2022 %	2023 %
	Audited	Audited	Audited	Audited
CRNCPS	-	5.00	3.00	3.00
Other payables	-	5.00	5.00	5.50
Term loans	5.20	5.20	5.20	5.20

**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****36. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD**

- (a) The outbreak of COVID-19 in early 2020 has affected the business and economic environments of the Group. The Government of Malaysia announced the "Movement Control Order" ("MCO") with effect from 18 March 2020 until 3 May 2020. The Government has further announced the "Conditional Movement Control Order" ("CMCO") with effect from 4 May 2020 to 9 June 2020. This is followed by "Recovery Movement Control Order" ("RMCO") with effect from 10 June 2020 to 31 August 2020.

The Group operates in the oil and gas sector, which is one of the essential sectors exempted from the MCO. As such, after obtaining the necessary approvals, the Group had continued to operate during the MCO period.

In respect of charter contracts of third-party vessels which were ongoing at that time, were continued without disruption despite the onset of the MCO. However, in respect of certain charter contracts which had been awarded but yet to commence, there was a delay in the commencement date resulting from the MCO.

- (b) On 1 December 2015, a Shipbuilding Contract was entered by WCL ("buyer"), Jingjiang Nanyang Shipbuilding Co., Ltd. ("seller") and Nantong Shunyang Trade and Development Co., Ltd. ("co-seller") for the purchase of the Group's second vessel, Laguna Setia 2 for a total purchase consideration of USD17,000,000.

This Shipbuilding Contract was subsequently novated by WCL to Keyfield Marine on 19 August 2020 through a Novation Agreement. Pursuant to this Novation Agreement, WCL has novated its rights, interests, benefits, obligations and liabilities under the Shipbuilding Contract to Keyfield Marine.

As of the date of the Novation Agreement, the total amounts paid by Keyfield Offshore and WCL on behalf of Keyfield Marine were amounted to approximately USD8,204,000 (equivalent to approximately RM34,398,000) and USD3,831,000 (equivalent to approximately RM15,986,000), respectively.

Subsequently, on 28 September 2020, the Group has taken delivery of Laguna Setia 2.

- (c) On 28 September 2020, Keyfield Endeavour entered into a Memorandum of Agreement with POET and subsequently, followed by an Addendum dated 14 December 2020 to acquire a second-hand vessel, Keyfield Falcon for a total purchase consideration of USD14,500,000. The Group has taken delivery of the vessel on 13 February 2021.
- (d) On 22 December 2020, Keyfield entered into first SSA with the shareholders of Keyfield Marine and Keyfield Endeavour to acquire the entire issued and paid-up share capital of Keyfield Marine and Keyfield Endeavour for a consideration of RM1 each, respectively. Subsequent to the acquisition, Keyfield Marine and Keyfield Endeavour became wholly-owned subsidiaries of Keyfield.

**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****36. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (CONT'D)**

- (e) On 23 December 2020, Keyfield entered into second SSA with the shareholders of Keyfield Offshore to acquire the entire issued and paid-up share capital of Keyfield Offshore for a total purchase consideration of RM89,999,999 by issuance of 179,999,998 new ordinary shares of Keyfield at RM0.50 each. Subsequent to the acquisition, Keyfield Offshore became wholly-owned subsidiary of Keyfield.
- (f) On 28 December 2020, Keyfield Offshore entered into a Capitalisation Agreement with Keyfield and Lavin, whereby a total amount of USD5,000,000 (equivalent to RM20,500,000) owing by Keyfield Offshore to Lavin as at 31 August 2020 is to be capitalised into 41,000,000 new ordinary shares of Keyfield at RM0.50 each. The Capitalisation Agreement has been completed on even date.
- (g) On 28 December 2020, Keyfield Marine entered into a Novation and Capitalisation Agreement with Keyfield, Dato' Kee Chit Huei and WCL, whereby a total amount of USD3,600,000 (equivalent to RM14,760,000) owing by Keyfield Marine to WCL as at 31 August 2020 is to be capitalised into 29,520,000 new ordinary shares of Keyfield at RM0.50 each. The Novation and Capitalisation Agreement has been completed on even date.
- (h) On 11 January 2021, Keyfield entered into a Loan Agreement with Positive Boom Limited for an unsecured loan of USD11 million where the proceeds were used by Keyfield Endeavour to partially pay the purchase price of Keyfield Falcon, as referred to in Note 36(c) above. The loan of USD11 million has been fully disbursed on 21 January 2021 as disclosed in Note 18(a)(vii) to the consolidated financial statements.

On 16 March 2021, through a Letter of Agreement, Keyfield and Positive Boom Limited agreed to vary certain terms of the Loan Agreement, such that the total repayment shall be RM44,330,000 instead of USD11,000,000 and for the interest on the loan to be calculated from 16 March 2021 onwards, instead of date of loan disbursement.

- (i) On 31 January 2021, through exchange of letters, Maltquest had indicated its interest to acquire a 10% interest in Keyfield Endeavour, and has subsequently invested a total of RM6 million into Keyfield Endeavour.

On 7 May 2021, Keyfield, Keyfield Offshore, Keyfield Endeavour and Maltquest entered into a Share Subscription Agreement and a Shareholders Agreement to inter-alia, formalise the subscriptions of ordinary shares and CRCPS in Keyfield Endeavour as well as to regulate the relationship between the shareholders of Keyfield Endeavour.

On 7 May 2021, the additional ordinary shares and CRCPS of Keyfield Endeavour were issued and allotted to the various subscribers and accordingly, the shareholding of Keyfield in Keyfield Endeavour was diluted to 90%.

- (j) On 11 June 2021, Keyfield Offshore entered into a Bareboat Charter Agreement with POET for a bareboat charter of a vessel, namely Keyfield Helms 1 for a period of 3 years.

The charter period commenced at on-hire date on 18 August 2021 as per on-hire certificate. Subsequently, the Bareboat Charter Agreement with POET has been mutually terminated with immediate effect on 14 September 2022 upon POET disposing of the vessel to Sea Steel on 15 September 2022.

In view of the tenure of this Bareboat Charter Agreement, the charter of Keyfield Helms 1 is accounted for as a right-of-use asset in accordance with MFRS 16 Leases.

**12. ACCOUNTANTS' REPORT (Cont'd)****KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****36. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (CONT'D)**

- (k) On 20 August 2021, Keyfield Offshore entered into a Master Agreement with Lavin and Lavin Vessel 1 Sdn. Bhd. (subsequently on 28 February 2022, changed its name to Keyfield Resolute) to be granted an exclusive charter rights and act as the ship management company for two Malaysian flagged vessels, namely Keyfield Compassion (formerly known as SK Meteori) and Keyfield Commander (formerly known as Armada Firman 2), for a term of 18 months with option to extend for further 18 months. The bareboat charter rates of the vessels shall only be payable to Keyfield Resolute on back-to-back basis as and when the respective vessels are on-hired by Keyfield Offshore to its customers.
- (l) On 11 October 2021, Keyfield Offshore entered into a Shipbuilding Contract with Vantage for the construction of a vessel, namely Keyfield Kindness, for a total purchase consideration of USD4,250,000. Part of the proceeds from the issuance of the 15,562,500 3-year CRNCPS as referred to in Note 36(o) below was utilised by Keyfield Offshore to partially pay for the construction of the vessel.
- Subsequently on 9 November 2021, the Group has taken delivery of the vessel.
- Keyfield Offshore obtained a letter of offer from a local financial institution for a 4-year RM10,000,000 term loan, which upon the fulfilment of the drawdown conditions, will be used to partially refinance the acquisition of Keyfield Kindness.
- (m) On 1 November 2021, a 51%-owned subsidiary of Keyfield, Keyfield Geomarine, was incorporated. Keyfield subscribed for a total of 5,100 ordinary shares of RM1 each in Keyfield Geomarine for a total investment cost of RM5,100, with the balance held by a non-controlling interest (Helms Geomarine).
- (n) On 3 November 2021, Keyfield subscribed for a total of 45,000,000 NCRCPS in Keyfield Marine by capitalising the amount owing by Keyfield Marine amounted to RM45,000,000.
- (o) On 24 November 2021, Keyfield Offshore completed the issuance of 15,562,500 3-year CRNCPS for a total value of RM15,562,500 to Stratos Private Equity Limited.
- (p) On 27 December 2021, Keyfield completed a 2-for-1 share split whereby its number of ordinary shares increased from 250,520,000 to 501,040,000. The value of the ordinary paid-up share capital was unchanged at RM125,260,001.
- (q) On 12 January 2022, a wholly-owned subsidiary of Keyfield, Keyfield Serenity was incorporated. Keyfield subscribed for a total of 100,000 ordinary shares of RM1 each in Keyfield Serenity for a total investment cost of RM100,000.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**36. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (CONT'D)**

- (r) On 18 February 2022, Keyfield Serenity entered into a Memorandum of Agreement with Stratos Vessel Sdn. Bhd. ("Stratos Vessel") to acquire an accommodation workboat, namely Keyfield Grace, for a total purchase consideration of RM65,000,000 which was satisfied through the issuance of 260,000,000 new 3-year CRNCPS in the Company for a total value of RM65,000,000 to Stratos Private Equity Limited, the holding company of Stratos Vessel. The acquisition was completed on even date.

As a result of the acquisition, the Bareboat Charter Agreement dated 11 August 2021 between Keyfield Offshore and Stratos Vessel for the charter of Keyfield Grace was terminated on even date.

- (s) On 18 February 2022, Keyfield entered into an Intercompany Payment and Capitalisation Agreement with Keyfield Serenity, Stratos Private Equity Limited and Stratos Vessel whereby Keyfield Serenity issued 65,000,000 new NCRCPs for a total value of RM65,000,000 to Keyfield.

- (t) On 18 February 2022, Keyfield entered into a Sale and Purchase Agreement with Lavin to acquire 100% equity interest in Keyfield Resolute for a total purchase consideration of RM12,500,000 which was satisfied through the issuance of 50,000,000 new 3-year CRNCPS in Keyfield for a total value of RM12,500,000 to Lavin. The acquisition was completed on even date.

As a result of the acquisition, the Master Agreement referred to in Note 36(k) above was terminated on even date.

- (u) On 18 February 2022, Keyfield entered into a Capitalisation Agreement with Lavin and Keyfield Resolute whereby:-

(i) Keyfield agreed to assume RM65,000,000 owing by Keyfield Resolute to Lavin, by issuing 260,000,000 new 3-year CRNCPS for a total value of RM65,000,000 to Lavin; and

(ii) Keyfield Resolute issued 65,000,000 new NCRCPs for a total value of RM65,000,000 to Keyfield.

- (v) On 15 September 2022, Keyfield Resolute entered into a Bareboat Charter Agreement with Sea Steel for a bareboat charter of a vessel, namely Keyfield Helms 1 for a period of 11 months, with an option to extend for another 1 year at Keyfield Resolute's option.

The charter period shall commence at on-hire date on 15 September 2022 as per on-hire certificate.

In view of the tenure of this Bareboat Charter Agreement, the charter of Keyfield Helms 1 is accounted for as a right-of-use asset in accordance with MFRS 16 Leases.

As a result, the long-term Bareboat Charter Agreement for Keyfield Helms 1 between POET and Keyfield Offshore as referred to in Note 36(j) above was terminated on even date.

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**36. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (CONT'D)**

- (w) On 21 September 2022, Keyfield Resolute entered into a Bareboat Charter Agreement with Sea Steel for a bareboat charter of a vessel, namely Daya Indah Satu for a period of 1 year, with an option to extend for another 1 year at Keyfield Resolute's option.

The charter period shall commence at on-hire date on 1 November 2022 as per on-hire certificate.

In view of the tenure of this Bareboat Charter Agreement, the charter of Daya Indah Satu is accounted for as a right-of-use asset in accordance with MFRS 16 Leases.

- (x) On 7 December 2022, Keyfield Marine Limited, a wholly-owned subsidiary of Keyfield Offshore was struck off pursuant to Section 151(4) of the Labuan Companies Act 1990.
- (y) On 17 March 2023, the Sheriff of the High Court of Malaya executed a Bill of Sale to transfer the ownership of a vessel, namely Keyfield Lestari (formerly known as Permata Arau 1) to Keyfield Offshore, for a total purchase consideration of RM24,380,000.
- (z) On 7 April 2023, Keyfield Offshore entered into a Memorandum of Agreement with Azulite Bloom Sdn. Bhd. ("Azulite Bloom") to purchase a vessel, namely Blooming Wisdom for a total purchase consideration of RM94,886,400 payable over 48 monthly instalments of RM1,976,800 each. The Memorandum of Agreement was completed on even date.

The purchase consideration consists of:-

- (i) the cash purchase price of Blooming Wisdom of RM85,000,000; and  
(ii) the amount of up to RM9,886,400 chargeable by Azulite Bloom in consideration of them agreeing to Keyfield Offshore's request to pay by instalments, represent financing element.

Keyfield Offshore shall have the option to fully settle the balance purchase consideration earlier at any time during the 48-month instalment period. Should Keyfield Offshore decides to exercise this option, Azulite Bloom shall grant Keyfield Offshore a rebate on the remaining financing element.



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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**36. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (CONT'D)**

- (aa) On 7 April 2023, Keyfield Offshore entered into a Memorandum of Agreement with Sea Steel Sdn. Bhd. ("Sea Steel") to purchase a vessel known as Keyfield Helms 1 for a total purchase consideration of RM50,538,620 payable over 29 monthly instalments of RM517,954 each and a final instalment of RM35,517,954. The Memorandum of Agreement was completed on even date.

The purchase consideration consists of:-

- (i) the cash purchase price of Keyfield Helms 1 of RM45,000,000; and
- (ii) the amount of up to RM5,538,620 chargeable by Sea Steel in consideration of them agreeing to Keyfield Offshore's request to pay by instalments, represent remaining financing element.

Keyfield Offshore shall have the option to fully settle the balance purchase consideration earlier at any time during the 30-months instalment period. Should Keyfield Offshore decides to exercise this option, Sea Steel shall grant Keyfield Offshore a rebate on the remaining financing element.

As a result of the acquisition, the Bareboat Charter Agreement for Keyfield Helms 1 between Sea Steel and Keyfield Resolute was terminated on even date.

- (ab) On 17 May 2023, Keyfield Offshore entered into a Bareboat Charter Agreement with Sea Steel for a bareboat charter of a vessel, namely Daya Ceria for a period of 1 year, which has commenced on 18 July, with an option to extend for another 1 year, at Keyfield Offshore's option.

In view of the tenure of this Bareboat Charter Agreement, the charter of Daya Ceria is accounted for as a right-of-use asset in accordance with MFRS 16 Leases.

**37. SIGNIFICANT EVENT AFTER THE REPORTING PERIOD**

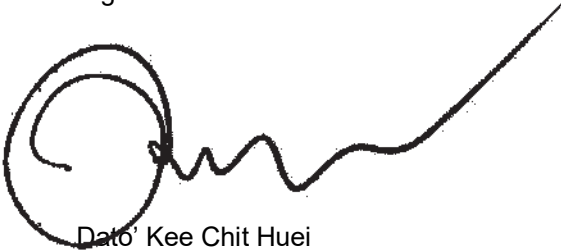
On 26 January 2024, Keyfield Offshore entered into a Sale and Purchase Agreement with Khas Jejaka Sdn. Bhd. to purchase a vessel, namely IMS Aman for a total purchase consideration of RM34,800,000. The Group has taken delivery of the vessel on 31 January 2024.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
STATEMENT BY DIRECTORS**

We, Dato' Kee Chit Huei and Mohd Erwan bin Ahmad, being two of the directors of Keyfield International Berhad, state that, in the opinion of the Directors, the consolidated financial statements set out on pages 4 to 112 are drawn up in accordance Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Prospectus Guidelines issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of the Group as at 31 December 2020, 2021 and 2022 and 30 September 2023 and of their financial performance and cash flows for the financial years or period ended on those dates.

Signed in accordance with a resolution of the directors dated **11 MAR 2024**



Dato' Kee Chit Huei



Mohd Erwan bin Ahmad

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**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

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**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants  
Level 16, Tower C, Megan Avenue II  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Malaysia  
Main +6 03 2788 9999  
Fax +6 03 2788 9998  
[www.crowe.my](http://www.crowe.my)

Date: **11 MAR 2024**

The Board of Directors  
**KEYFIELD INTERNATIONAL BERHAD**  
B-31-02, Tower B, Pavilion Embassy,  
No 200, Jalan Ampang,  
50450 Kuala Lumpur.

Dear Sirs and Madam,

**KEYFIELD INTERNATIONAL BERHAD**  
**("KEYFIELD" OR "THE COMPANY")**  
**REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023**

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of Keyfield and its subsidiaries (collectively known as "the Group") as at 30 September 2023 and the related notes (as set out in Appendix A which we have stamped for the purpose of identification) prepared by the Board of Directors of Keyfield for the inclusion in the Prospectus of Keyfield in connection with the listing of the Company on the Main Market of Bursa Malaysia Securities Berhad ("the Listing").

The applicable criteria on the basis of which the Board of Directors of Keyfield have compiled the Pro Forma Consolidated Statements of Financial Position are set out in the notes thereon to the Pro Forma Consolidated Statements of Financial Position. The Pro Forma Consolidated Statements of Financial Position is prepared in accordance with the Prospectus Guidelines issued by the Securities Commission Malaysia (the "Prospectus Guidelines") and the Guidance Note for issuers of Pro Forma Financial Information issued by the Malaysia Institute of Accountants ("Guidance Note").

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Board of Directors of Keyfield to illustrate the impact of the events or transactions as described in the Notes to the Pro Forma Consolidated Statements of Financial Position as if these events have been in existence throughout the financial period. As part of this process, information about the Group's financial position have been extracted by the Board of Directors of Keyfield from the Audited Financial Statements of Keyfield for the financial period ended 30 September 2023.

**THE BOARD OF DIRECTORS' RESPONSIBILITIES**

The Board of Directors of the Company is responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis as described in the Notes to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

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### 13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)

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#### REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our firm applies International Standard on Quality Management 1 (ISQM 1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

#### REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by the Prospectus Guidelines issued by the Securities Commission Malaysia, about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Board of Directors of the Company on the basis as described in the Notes to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with the International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards as adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis of the applicable criteria.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of Pro Forma Consolidated Statements of Financial Position included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

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**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**

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**REPORTING ACCOUNTANTS' REPSONSIBILITIES (CONT'D)**

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**OPINION**

In our opinion, the Pro Forma Consolidated Statements of Financial Position of the Group have been compiled, in all material respects, on the basis described in the Notes to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

**OTHER MATTER**

This letter has been prepared solely for the purpose stated above, in connection with the Listing. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

  
**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

Kuala Lumpur

  
**Chin Kil Seong**  
03030/01/2025 J  
Chartered Accountant

**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023**



Note	Keyfield as at FYE 30 September 2023 RM'000	Subsequent Events RM'000	Pro Forma I After Subsequent Events RM'000	Issuance of Keyfield Shares and Redemption of Keyfield CRNCPS RM'000	Pro Forma II After Pro Forma I, and Issuance of Keyfield Shares and Redemption of Keyfield CRNCPS RM'000	Public Issue RM'000	Pro Forma III After Pro Forma II and Public Issue RM'000	Utilisation of Proceeds RM'000	Pro Forma IV After Pro Forma III and Utilisation of Proceeds RM'000
<b>NON-CURRENT ASSETS</b>									
	214	-	214	-	214	-	214	-	214
	508,198	-	508,198	-	508,198	-	508,198	-	508,198
	1,532	-	1,532	-	1,532	-	1,532	-	1,532
	17,210	-	17,210	-	17,210	-	17,210	-	17,210
	218	-	218	-	218	-	218	-	218
	<b>527,372</b>	<b>-</b>	<b>527,372</b>	<b>-</b>	<b>527,372</b>	<b>-</b>	<b>527,372</b>	<b>-</b>	<b>527,372</b>
<b>CURRENT ASSETS</b>									
	1,392	-	1,392	-	1,392	-	1,392	-	1,392
	147,392	-	147,392	-	147,392	-	147,392	-	147,392
	1,770	-	1,770	-	1,770	-	1,770	-	1,770
	60	-	60	-	60	-	60	-	60
	7,304	-	7,304	-	7,304	-	7,304	-	7,304
6.1	36,668	(36,793)	(125)	-	(125)	188,064	187,939	(173,500)	14,439
	194,586	(36,793)	157,793	-	157,793	188,064	345,857	(173,500)	172,357
	<b>721,958</b>	<b>(36,793)</b>	<b>685,165</b>	<b>-</b>	<b>685,165</b>	<b>188,064</b>	<b>873,229</b>	<b>(173,500)</b>	<b>699,729</b>

**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 (CONT'D)**



Note	Keyfield as at FYE 30 September 2023 RM'000	Subsequent Events RM'000	Pro Forma I After Subsequent Events RM'000	Issuance of Keyfield Shares and Redemption of Keyfield CRNCPS RM'000	Pro Forma II After Pro Forma I, and Issuance of Keyfield Shares and Redemption of Keyfield CRNCPS RM'000	Public Issue RM'000	Pro Forma III After Pro Forma II and Public Issue RM'000	Utilisation of Proceeds RM'000	Pro Forma IV After Pro Forma III and Utilisation of Proceeds RM'000		
<b>EQUITY AND LIABILITIES</b>											
<b>EQUITY</b>											
	Share capital	6.2	125,260	-	125,260	81,000	206,260	188,064	394,324	(6,162)	388,162
	Reserves	6.3	141,016	(15,031)	125,985	-	125,985	-	125,985	(6,556)	119,429
	Equity attributable to owners of the Company		266,276	(15,031)	251,245	81,000	332,245	188,064	520,309	(12,718)	507,591
	Non-controlling interest		5,250	-	5,250	-	5,250	-	5,250	-	5,250
	<b>TOTAL EQUITY</b>		<b>271,526</b>	<b>(15,031)</b>	<b>256,495</b>	<b>81,000</b>	<b>337,495</b>	<b>188,064</b>	<b>525,559</b>	<b>(12,718)</b>	<b>512,841</b>
<b>NON-CURRENT LIABILITIES</b>											
	Cumulative redeemable non-convertible preference shares ("CRNCPS")	6.4	138,782	-	138,782	(81,000)	57,782	-	57,782	(57,782)	-
	Lease liabilities		6,407	-	6,407	-	6,407	-	6,407	-	6,407
	Other payables	6.5	94,464	-	94,464	-	94,464	-	94,464	(76,651)	17,813
	Borrowings	6.6	9,854	-	9,854	-	9,854	-	9,854	-	9,854
	Deferred tax liability		59,757	-	59,757	-	59,757	-	59,757	-	59,757
			<b>309,264</b>	<b>-</b>	<b>309,264</b>	<b>(81,000)</b>	<b>228,264</b>	<b>-</b>	<b>228,264</b>	<b>(134,433)</b>	<b>93,831</b>
<b>CURRENT LIABILITIES</b>											
	Trade payables		51,500	-	51,500	-	51,500	-	51,500	-	51,500
	Other payables and accruals	6.5	29,958	-	29,958	-	29,958	-	29,958	(23,349)	6,609
	CRNCPS	6.4	2,494	-	2,494	-	2,494	-	2,494	-	2,494
	Lease liabilities		10,927	-	10,927	-	10,927	-	10,927	-	10,927
	Borrowings	6.6	46,084	(21,762)	24,322	-	24,322	-	24,322	(3,000)	21,322
	Current tax liabilities		205	-	205	-	205	-	205	-	205
			<b>141,168</b>	<b>(21,762)</b>	<b>119,406</b>	<b>-</b>	<b>119,406</b>	<b>-</b>	<b>119,406</b>	<b>(26,349)</b>	<b>93,057</b>
	<b>TOTAL LIABILITIES</b>		<b>450,432</b>	<b>(21,762)</b>	<b>428,670</b>	<b>(81,000)</b>	<b>347,670</b>	<b>-</b>	<b>347,670</b>	<b>(160,782)</b>	<b>186,888</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>721,958</b>	<b>(36,793)</b>	<b>685,165</b>	<b>-</b>	<b>685,165</b>	<b>188,064</b>	<b>873,229</b>	<b>(173,500)</b>	<b>699,729</b>
	Number of ordinary shares in issue ('000)		501,040		501,040		591,040		800,000		800,000
	Net assets attributable to owners of the Company (RM'000)		266,276		251,245		332,245		520,309		507,591
	Net assets per share (RM)		0.53		0.50		0.56		0.65		0.63

**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**



**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2023**

**1. Abbreviation**

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

Bursa Securities	: Bursa Malaysia Securities Berhad
IPO	: Initial public offering comprising the Public Issue
IPO Price	: RM0.90 per IPO Share, being the indicative price payable by investors under the Public Issue
IPO Shares	: The Issue Shares
Issue Shares	: 208,960,000 new Keyfield Shares, representing approximately 26.1% of the enlarged share capital of Keyfield upon our Listing, which are to be issued pursuant to Public Issue
Keyfield or the Company	: Keyfield International Berhad
Keyfield Offshore	: Keyfield Offshore Sdn. Bhd., existing subsidiary of Keyfield
Keyfield Endeavour	: Keyfield Endeavour Sdn. Bhd., existing subsidiary of Keyfield
Keyfield Share(s)	: Ordinary share(s) in Keyfield
Keyfield CRNCPS	: Cumulative redeemable non-convertible preference shares in Keyfield
Lavin	: Lavin Group Sdn. Bhd., a substantial shareholder of Keyfield
Listing	: Listing of and quotation for the entire enlarged issued share capital of Keyfield of RM720,000,000 comprising 800,000,000 Keyfield Shares on the Main Market of Bursa Securities
NA	: Net assets
NL	: Net liabilities
MITI	: Ministry of International Trade and Industry of Malaysia
Pro Forma Consolidated SOFP	: Pro Forma Consolidated Statements of Financial Position
Public Issue	: Public issue of 208,960,000 new Keyfield Shares at the IPO Price



**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**



**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2023**

**1. Abbreviation Cont'd)**

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report (cont'd):-

RM and sen : Ringgit Malaysia and sen, respectively the lawful currency of Malaysia

The Group : Keyfield International Berhad and its subsidiaries

**2. Introduction**

The Pro Forma Consolidated SOFP as at 30 September 2023 together with the related notes, for which the Board of Directors are solely responsible, have been prepared for illustrative purposes only for inclusion in the Prospectus in connection with the IPO of Keyfield Shares and the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Securities.

The Pro Forma Consolidated SOFP together with the notes have been prepared based on the assumption that the transactions as set out in Section 5 to the Pro Forma Consolidated SOFP were effected on 30 September 2023.

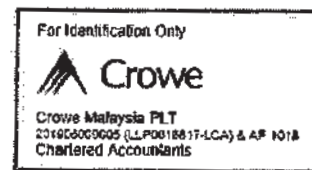
**3. Basis of Preparation**

The Pro Forma Consolidated SOFP as at 30 September 2023 have been prepared based on Audited Financial Statements of Keyfield for the financial period ended ("FPE") 30 September 2023 which were prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs"), and in a manner consistent with the format of the Audited Financial Statements and accounting policies of the Group.

The Audited Financial Statements of Keyfield for the FPE 30 September 2023 were not subject to any audit qualification, modification or disclaimer. All amounts are presented in RM.

The Pro Forma Consolidated SOFP as at 30 September 2023 have been prepared for illustrative purposes only to show the effects of the transactions as set out in Section 4 of the Pro Forma Consolidated SOFP as at 30 September 2023 had the transactions been effected on 30 September 2023, and should be read in conjunction with the notes in this Section. Such information, because its hypothetical nature, does not give a true picture of the actual effects of the transactions or event on the financial information presented had the transaction or event occurred on 30 September 2023. Further, such information does not purport to predict the Group's future financial position.

**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**



**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2023**

**4. Listing Scheme**

Keyfield seeks a listing on the Main Market of Bursa Securities. The details of the listing schemes and subsequent events which are integral to the Listing are as follows:-

**4.1 Subsequent Events**

**4.1.1 Settlement of Positive Bloom Limited ("PBL")'s Unsecured Term Loan**

On 11 January 2021, Keyfield entered into a Loan Agreement with PBL for an unsecured loan of USD11,000,000 (equivalent to approximately RM44,330,000) where the proceeds were used by Keyfield Endeavour to partially pay the purchase price of a vessel, namely Keyfield Falcon.

The unsecured term loan was repayable over 3 years by 36 monthly instalments of RM806,000 each commencing in May 2021 and with a final instalment of RM15,314,000.

On 11 October 2023, Keyfield has made an early full settlement to PBL of approximately RM21,762,000.

**4.1.2 Acquisition of IMS Aman by Keyfield Offshore**

On 26 January 2024, Keyfield Offshore entered into a Sale and Purchase Agreement with Khas Jejaka Sdn. Bhd. to purchase a vessel, namely IMS Aman for a total purchase consideration of RM34,800,000. The Group has taken delivery of the vessel on 31 January 2024.

The acquisition of IMS Aman is not illustrated in the Pro Forma Consolidated SOFP as the purchase consideration has been fully paid using internally generated fund.

**4.1.3 Declaration of Dividend**

On 15 February 2024, the Company declared a final dividend of RM0.03 per ordinary share amounted to RM15,031,200 in respect of the financial year ended 31 December 2023, paid on 22 February 2024.

**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**



**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2023**

**4. Listing Schemes (Cont'd)**

**4.2 Issuance of Keyfield Shares and Redemption of Keyfield CRNCPS**

- (a) A total of 90,000,000 Issue Shares, representing approximately 11.3% of the enlarged number of Keyfield Shares shall be issued to Lavin and Stratos Private Equity Limited at the IPO Price of RM0.90 per Public Issue Share in the following manner:-
- (i) 80,000,000 Issue Shares shall be issued to Lavin for a cash consideration of RM72,000,000; and
  - (ii) 10,000,000 Issue Shares shall be issued to Stratos Private Equity for a total cash consideration of RM9,000,000.

The issuance of 90,000,000 Keyfield Shares shall be issued and allotted concurrent with the Public Issue as set out in Section 4.3.1.

- (b) A total of 90,000,000 Keyfield CRNCPS shall be redeemed to Lavin and Stratos Private Equity Limited at the IPO Price of RM0.90 per Public Issue Share in the following manner:-
- (i) redemption of 288,000,000 Keyfield CRNCPS held by Lavin for a total redemption consideration of RM72,000,000; and
  - (ii) redemption of 36,000,000 Keyfield CRNCPS held by Stratos Private Equity Limited for a total redemption consideration of RM9,000,000.

Upon completion of issuance of Keyfield Shares and redemption of Keyfield CRNCPS, the share capital of Keyfield will increase from RM125,260,001 comprising 501,040,000 Keyfield Shares to RM206,260,001 comprising 591,040,000 Keyfield Shares.

**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**



**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2023**

**4. Listing Schemes (Cont'd)**

**4.3 IPO**

**4.3.1 Public Issue**

Public Issue of 208,960,000 new Keyfield Shares, representing approximately 26.1% of the enlarged number of Keyfield Shares, at the IPO Price of RM0.90 per Public Issue Share, to be allocated in the following manners:-

**(a) Malaysian Public**

40,000,000 Issue Shares, representing 5.0% of the enlarged number of Keyfield Shares, will be made available for application by the Malaysian Public, to be allocated via balloting process in the following manners:-

- (i) 20,000,000 Issue Shares made available to public investors; and
- (ii) 20,000,000 Issue Shares made available to Bumiputera public investors.

**(b) Eligible Directors and employees as well as persons who have contributed to the success of the Group**

24,000,000 Issue Shares, representing 3.0% of the enlarged number of Keyfield Shares, will be reserved for eligible directors and employees as well as persons who have contributed to the success of the Group.

**(c) Private placement to selected Bumiputera investors approved by MITI**

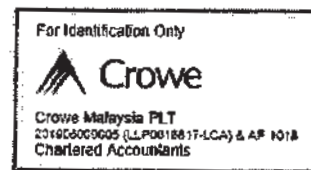
73,194,900 Issue Shares, representing approximately 9.1% of the enlarged number of Keyfield Shares, have been reserved for private placement to selected Bumiputera investors approved by MITI.

**(d) Private placement to selected investors**

71,765,100 Issue Shares, representing approximately 9.0% of the enlarged number of Keyfield Shares, have been reserved for private placement to selected investors.

Upon completion of the Public Issue, the share capital of Keyfield will increase from RM206,260,001 comprising 591,040,000 Keyfield Shares to RM394,324,001 comprising 800,000,000 Keyfield Shares.

**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**



**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2023**

**4. Listing Schemes (Cont'd)**

**4.3 IPO (Cont'd)**

**4.3.2 Listing on Bursa Securities**

The admission of Keyfield to the official list of Bursa Securities, and the entire enlarged issued share capital of Keyfield of RM394,324,001, comprising 800,000,000 Keyfield Shares shall be listed and quoted on the Main Market of Bursa Securities upon completion of the IPO.

**4.4 Issuance of ESOS**

In conjunction with the Listing, Keyfield will establish an ESOS which involves the granting of ESOS Options to its eligible directors and employees of the Group.

Keyfield intends to offer up to 28,000,000 ESOS Options to its eligible directors and employees of the Group representing approximately 3.5% of the enlarged issued share capital of Keyfield upon Listing.

The total number of Keyfield Shares which will be made available under the ESOS with a tenure of 5 years shall not exceed 120,000,000 ESOS options representing 15% of the total number of issued Keyfield Shares (excluding treasury shares) at any one time during the existence of the ESOS.

The ESOS is not illustrated in the Pro Forma Consolidated SOFP as the ESOS Options have yet to be granted as of the date of this report.

**5. Pro Forma Adjustments to the Pro Forma SOFP**

The Pro Forma Consolidated SOFP as at 30 September 2023 have been prepared solely for illustrative purposes only to show the effects of the following transactions based on the assumptions that they have been effected on 30 September 2023:-

**5.1 Pro Forma I**

Pro Forma I incorporates the effects of the subsequent events as set out in Section 4.1.1 to Section 4.1.3 above.

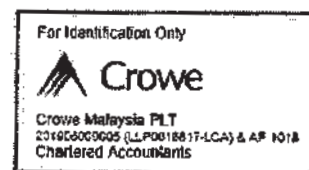
**5.2 Pro Forma II**

Pro Forma II incorporates the effects of the Pro Forma I, and issuance of Keyfield Shares and redemption of Keyfield CRNCPS as set out in Section 4.2 above.

**5.3 Pro Forma III**

Pro Forma III incorporates the effects of the Pro Forma II and the Public Issue as set out in Section 4.3.1 above.

### 13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)



## KEYFIELD INTERNATIONAL BERHAD NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

### 5. Pro Forma Adjustments to the Pro Forma Consolidated SOFP (Cont'd)

#### 5.4 Pro Forma IV

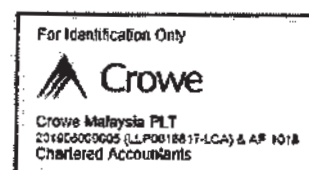
Pro Forma IV incorporates the effects of the Pro Forma III and the full utilisation of proceeds from the Public Issue, in accordance with Paragraph 9.18(a)(ii) of the Prospectus Guidelines issued by the Securities Commission Malaysia.

The proceeds from the Public Issue will be utilised as follows:-

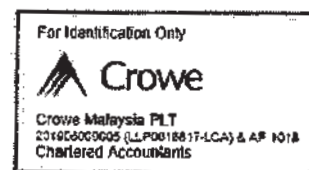
	Amount RM'000	%	Estimated time frame for utilisation from the Listing date
Redemption of Keyfield CRNCPS	61,500	32.7	Within 1 month
Repayment of term loan from Alliance Bank Malaysia Berhad	3,000	1.6	Within 3 months
Settlement of balance purchase consideration for Blooming Wisdom vessel	65,000	34.6	Within 1 month
Settlement of balance purchase consideration for Keyfield Helms 1 vessel	35,000	18.6	Within 1 month
General working capital ^	14,564	7.7	Within 12 months
Estimated listing expenses *	9,000	4.8	Within 1 month
<b>Total</b>	<b>188,064</b>	<b>100.00</b>	

^ - This proceeds for general working capital purpose is not adjusted in the Pro Forma III to the Pro Forma Consolidated SOFP and is remained in the cash and bank balances.

\* - The estimated listing expenses totaling RM9.0 million to be borne by Keyfield comprise brokerage, underwriting and placement fees, professional fees and miscellaneous expenses. A total of approximately RM6.2 million is assumed to be directly attributable to the IPO and as such will be set off against the share capital in equity and the remaining expenses of approximately RM2.8 million are assumed to be attributable to the Listing and as such, will be expensed off to the Statement of Profit or Loss and Other Comprehensive Income.

**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD  
 NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
 AS AT 30 SEPTEMBER 2023**
**6. Effects on the Pro Forma Consolidated Statements of SOFP**
**6.1 Cash and Bank Balances**

	Note	RM'000
As at 30 September 2023		36,668
Settlement of PBL's unsecured term loan	4.1.1	(21,762)
Payment of dividend	4.1.3	(15,031)
		(36,793)
As per Pro Forma I		(125)
Proceeds from issuance of Keyfield Shares:		
- Lavin	4.2(a)(i)	72,000
- Stratos Private Equity Limited	4.2(a)(ii)	9,000
		81,000
Redemption of Keyfield CRNCPS:		
- Lavin	4.2(b)(i)	(72,000)
- Stratos Private Equity Limited	4.2(b)(ii)	(9,000)
		(81,000)
As per Pro Forma II		(125)
Proceeds from Public Issue	4.3.1	188,064
As per Pro Forma III		187,939
Utilisation of proceeds from Public Issue:		
- redemption of Keyfield CRNCPS	5.4	(61,500)
- repayment of term loan from Alliance Bank Malaysia Berhad	5.4	(3,000)
- settlement of balance purchase consideration for Blooming Wisdom vessel	5.4	(65,000)
- settlement of balance purchase consideration for Keyfield Helms 1 vessel	5.4	(35,000)
- payment of estimated listing expenses	5.4	(9,000)
		(173,500)
As per Pro Forma IV		14,439

**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**
**KEYFIELD INTERNATIONAL BERHAD**  
**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2023**
**6. Effects on the Pro Forma Consolidated Statements of Financial Position (Cont'd)****6.2 Share Capital**

	Note	RM'000
As at 30 September 2023		125,260
Issuance of Keyfield Shares:		
- Lavin	4.2(a)(i)	72,000
- Stratos Private Equity Limited	4.2(a)(ii)	9,000
		<u>81,000</u>
As per Pro Forma II		206,260
Public Issue	4.3.1	188,064
As per Pro Forma III		<u>394,324</u>
Item set off against the share capital in equity:		
- estimated listing expenses	5.4	(6,162)
As per Pro Forma IV		<u>388,162</u>

**6.3 Retained Profits**

	Note	RM'000
As at 30 September 2023		141,016
Declaration of dividend	4.1.3	(15,031)
As per Pro Forma I, II and III		<u>125,985</u>
Item expensed off to the statement of profit or loss and other comprehensive income:		
- estimated listing expenses	5.4	(2,838)
- accretion of interest on CRNCPS		(3,718)
		<u>(6,556)</u>
As per Pro Forma IV		<u>119,429</u>



**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**

**KEYFIELD INTERNATIONAL BERHAD**  
**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2023**

**6. Effects on the Pro Forma Consolidated Statements of Financial Position (Cont'd)****6.4 CRNCPS**

	Note	Current RM'000	Non- current RM'000	Total RM'000
As at 30 September 2023 and as per Pro Forma I		2,494	138,782	141,276
Redemption:				
- Lavin	4.2(b)(i)	-	(72,000)	(72,000)
- Stratos Private Equity Limited	4.2(b)(ii)	-	(9,000)	(9,000)
		-	(81,000)	(81,000)
As per Pro Forma II and III		2,494	57,782	60,276
Utilisation of proceeds from Public Issue for redemption:				
- Lavin	5.4	-	(5,500)	(5,500)
- Stratos Private Equity Limited	5.4	-	(56,000)	(56,000)
		-	(61,500)	(61,500)
Accretion of interest on CRNCPS		-	3,718	3,718
As per Pro Forma IV		2,494	-	2,494

**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**



**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2023**

**6. Effects on the Pro Forma Consolidated Statements of Financial Position (Cont'd)**

**6.5 Other Payables and Accruals**

	Note	Current RM'000	Non- current RM'000	Total RM'000
As at 30 September 2023 and as per Pro Forma I,II and III		29,958	94,464	124,422
Utilisation of proceeds from Public Issue for settlement of balance purchase consideration for:				
- Blooming Wisdom	5.4	(19,515)	(45,485)	(65,000)
- Keyfield Helms 1	5.4	(3,834)	(31,166)	(35,000)
		<u>(23,349)</u>	<u>(76,651)</u>	<u>(100,000)</u>
As per Pro Forma IV		<u>6,609</u>	<u>17,813</u>	<u>24,422</u>

**6.6 Borrowings**

	Note	Current RM'000	Non- current RM'000	Total RM'000
As at 30 September 2023		46,084	9,854	55,938
Settlement of PBL's unsecured term loan	4.1.1	(21,762)	-	(21,762)
As per Pro Forma I, II and III		<u>24,322</u>	<u>9,854</u>	<u>34,176</u>
Utilisation of proceeds for repayment of term loan from Alliance Bank Malaysia Berhad	5.4	(3,000)	-	(3,000)
As per Pro Forma IV		<u>21,322</u>	<u>9,854</u>	<u>31,176</u>

**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**



**KEYFIELD INTERNATIONAL BERHAD  
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2023**

**APPROVAL BY THE BOARD OF DIRECTORS**

Approved and adopted by the Board of Directors in accordance with a resolution dated **11 MAR 2024**

On behalf of the Board of Directors,

Dato' Kee Chit Huei

Mohd Erwan Bin Ahmad

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## **14. STATUTORY AND OTHER INFORMATION**

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### **14.1 SHARE CAPITAL**

- (i) As at the date, we only have 2 classes of shares as follows:
  - (a) Ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares; and
  - (b) Keyfield CRNCPS, all of which rank equally with one another. The salient terms of the Keyfield CRNCPS are set out in Section 6.2.8(ii).
- (ii) Save for the Pink Form Allocations as disclosed in Section 4.4.2 and ESOS as disclosed in Section 4.4.3, no Director, employee or business associate of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries.
- (iii) Save for the new Shares issued as disclosed in Sections 6.2 and Issue Shares to be issued pursuant to our IPO as disclosed in Section 4.4, no shares of our Company or our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date.
- (iv) Other than as disclosed in Section 4.4, there is no intention on the part of our Directors to further issue any Shares.
- (v) As at the date, we do not have any outstanding convertible debt securities.

### **14.2 CONSTITUTION**

The following provisions are extracted from our Company's Constitution. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires. The following provisions extracted from our Company's Constitution are based on the current Listing Requirements and the Act.

#### **(i) Remuneration, voting and borrowing power of Directors**

The provisions in our Constitution dealing with remuneration, voting and borrowing power of Directors are as follows:

##### **Remuneration of Directors**

##### **Clause 93**

- (1) The Company may from time to time by an ordinary resolution passed at a General Meeting, approve the remuneration of the Directors, who hold non-executive office with the Company, for their services as non-executive Directors.
- (2) Subject to Clause 84, the fees of the Directors and any benefits payable to the Directors shall be subject to annual shareholders' approval at a General Meeting.

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**14. STATUTORY AND OTHER INFORMATION (Cont'd)**

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- (3) If the fee of each such non-executive Director is not specifically fixed by the Members, then the quantum of fees to be paid to each non-executive Director within the overall limits fixed by the Members, shall be decided by resolution of the Board. In default of any decision being made in this respect by the Board, the fees payable to the non-executive Directors shall be divided equally amongst themselves and such a Director holding office for only part of a year shall be entitled to a proportionate part of a full year's fees. The non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.
- (4) The following expenses shall be determined by the Directors:
- (a) Traveling, hotel and other expenses properly incurred by the Directors in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company; and
- (b) Other expenses properly incurred by the Directors arising from the requirements imposed by the authorities to enable the Directors to effectively discharge their duties.
- (5) Executive Directors of the Company shall be remunerated in the manner referred to in Clause 84 but such remuneration shall not include a commission on or percentage of turnover.

**Powers of Directors****Clause 94**

- (1) The business and affairs of the Company shall be managed by or under the direction and supervision of the Directors who may pay all expenses incurred in promoting and registering the Company.
- (2) The Directors may exercise all the powers necessary for managing and for directing and supervising the management of the business and affairs of the Company except any power that the Act or by this Constitution requires the Company to exercise in General Meeting, but no regulation made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.
- (3) Where an oral contract is made by a Director acting under authority, express or implied, the contract is to be reduced to writing within fourteen (14) days and may be subject to ratification by the Board (if required). If there is any non-compliance with the above requirement of reduction to writing and proper ratification by the Board, the Director entering into such oral contract shall assume personal responsibility for the same and shall indemnify the Company fully in all respects in relation to such contract.
- (4) (a) The Directors may procure the establishment and maintenance of any non-contributory or contributory pension or superannuation fund or life assurance scheme for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons who are or shall have been at any time in the employment or service of the Company or any subsidiary company or to any persons who are or have been a Director or other officer of and holds or has held salaried employment in the Company or any subsidiary company, or the widows, families or dependents of any such persons.

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**14. STATUTORY AND OTHER INFORMATION (*Cont'd*)**

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- (b) The Directors may also procure the establishment and subsidy of or subscription and support to any institutions, association, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or of its members and payment for or towards the insurance of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibitions or for any public, general or useful object.

**Clause 95**

Without limiting the generality of Clause 94(1) and (2), the Directors may, subject to the Act and the Listing Requirements, exercise all the powers of the Company to do all or any of the following for any debt, liability, or obligation of the Company or of any third party:

- (1) borrow money;
- (2) mortgage or charge its undertaking, property, and uncalled capital, or any part of the undertaking, property and uncalled capital;
- (3) issue debentures and other Securities whether outright or as security; and/or
- (4)
  - (a) lend and advance money or give credit to any person or company;
  - (b) guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company;
  - (c) secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company;

and otherwise to assist any person or company.

**Clause 96**

All cheques, promissory notes, drafts, bills of exchange, and other negotiable instruments, and all receipts for money paid to the Company, must be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by any two (2) Directors or in such other manner as the Directors may from time to time determine.

**Clause 97**

- (1) The Directors may from time to time by power of attorney appoint any corporation, firm, or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for the purposes and with the powers, authorities, and discretions (not exceeding those vested in or exercisable by the Directors under this Constitution) and for a period and subject to any conditions as the Directors may think fit.
- (2) Any powers of attorney granted under Clause 97(1) may contain provisions for the protection and convenience of persons dealing with the attorney as the Directors think fit and may also authorise the attorney to delegate all or any of the powers, authorities, and discretions vested in the attorney.

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**14. STATUTORY AND OTHER INFORMATION (Cont'd)**

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**Clause 98**

Subject always to the Act and the Listing Requirements, a Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Board of Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

**(ii) Changes to Share Capital**

The provisions of our Constitution in relation to the alteration of capital are set out below:

**Clause 46**

- (1) The Company may from time to time by ordinary resolution and subject to other applicable laws or requirements:
  - (a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; or
  - (b) subdivide its shares or any of them into shares, whichever is in the subdivision; the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.
- (2) The Company may from time to time by special resolution and subject to other applicable requirements:
  - (a) cancel shares which, at the date of the passing of the resolution in that regard, have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled or in such other manner allowed by law; or
  - (b) reduce its share capital in such manner permitted by law, and (where applicable) subject to the relevant required approvals being obtained.
- (3) The Company shall have the power, subject to and in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines in respect thereof for the time being in force, to purchase its own shares and thereafter to deal with the shares purchased in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines thereunder or issued by Bursa Securities and any other relevant authorities in respect thereof.

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**14. STATUTORY AND OTHER INFORMATION (Cont'd)**

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**(iii) Transfer of securities**

The provisions of our Constitution in relation to the arrangements for the transfer of our securities and the restrictions on their free transferability are set out below:

**Clause 14**

The transfer of any Deposited Security or class of Deposited Security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of Deposited Securities.

**Clause 17**

- (1) Subject to this Constitution and other written laws, any Shareholder or debenture holder may transfer all or any of his shares or debentures by instrument of transfer as prescribed under the Act.
- (2) The instrument of transfer must be executed by or on behalf of the transferor and the transferee.
- (3) The transferor shall remain as the holder of such shares or debentures until the transfer is registered and the name of the transferee is entered in the Register of Members or register of debenture holders in respect of the shares or debentures respectively.

**Clause 18**

- (1) To enable the Company to register the name of the transferee, the following items in relation to the transfer of shares or debentures must be delivered by the transferor to the Office of the Company:
  - (a) the instrument of transfer duly executed and stamped;
  - (b) the certificate of the shares or debentures which the instrument of transfer relates; and
  - (c) any other evidence as the Directors may reasonably require showing the right of the transferor to make the transfer.
- (2) Upon receipt of the items referred to in Clause 18(1), the Company shall, upon the approval of the Board and unless otherwise resolved, register the name of the transferee in the Register of Members or register of debenture holders (as applicable).

**Clause 19**

- (1) The Directors may decline or delay to register the transfer of shares within thirty (30) days from the receipt of the instrument of transfer if:
  - (a) the shares are not fully paid shares;
  - (b) the Directors passed a resolution with full justification to refuse or delay the registration of transfer;



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**14. STATUTORY AND OTHER INFORMATION (*Cont'd*)**

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- (c) the Company has a lien on the shares; and/or
  - (d) the Shareholder fails to pay the Company an amount due in respect of those shares, whether by way of consideration for the issue of the shares or in respect of the sums payable by the Shareholder in accordance with this Constitution.
- (2) Where applicable, the Company shall send a notice of the resolution referred to in Clause 19(1)(b) to the transferor and transferee, within seven (7) days of the resolution being passed by the Directors.

**Clause 15**

Where:

- (1) the Securities of the Company are listed on another stock exchange; and
- (2) the Company is exempted from compliance with Section 14 of the Central Depository Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities,

the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such Securities.

**(iv) Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights**

The provisions of our Constitution in relation to the rights, preferences and restrictions attached to each class of securities are set out below:

- (1) The capital of the Company shall consist of:
  - (a) ordinary shares; and
  - (b) preference shares.
- (2) A holder of ordinary share(s) shall have the following voting rights:
  - (a) Right to vote on a show of hands of one (1) vote on any resolution of the Company; and
  - (b) Right to vote on a poll to one (1) vote for every share held on any resolution of the Company.
- (3) The preference shares in the capital of the Company shall confer on the holders thereof the following rights and privileges only and be subject to the following conditions:
  - (a) The preference shares (i) shall be issued at an issue price of RM0.25 per preference share and (ii) shall have a tenure of three (3) years commencing from and inclusive of the date of issuance of the preference shares.

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**14. STATUTORY AND OTHER INFORMATION (*Cont'd*)**

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- (b) The Company may redeem at its option and at any time after the preference shares are issued or at the end of the tenure at a redemption price of RM0.25 per preference share, upon the Company giving to the holders of the preference shares not less than three (3) days' notice in writing of its intention to redeem stating the number of preference shares to be redeemed and the date fixed for redemption.
- (c) The preference shares carry a 3% annual dividend pro rata on a cumulative basis.
- (d) The preference shares are not convertible into ordinary shares of the Company.
- (e) The preference shares shall rank *pari passu* without any preference or priority among themselves and in priority to the ordinary shares and other preference shares that may be created in future, which do not rank in priority to the preference shares but shall rank behind all secured and unsecured obligations of the Company. In the event of liquidation, dissolution, winding-up or other repayment of capital (other than on redemption):
  - (i) The preference shares shall confer on the holders the right to receive in priority to the holders of all other class of shares in the Company, cash repayment in full of the amount (and the amount of any dividends that has been declared and remaining in arrears) of up to 100% of RM0.25 per preference share provided that there shall be no further right to participate in any surplus capital or surplus profits of the Company;
  - (ii) In the event that the Company has insufficient assets to permit payment of the full preference shares to the preference shares holders, the assets of the Company shall be distributed rateably to the preference shares holders in proportion to the amount that each preference share holder would otherwise be entitled to receive.
- (f) The Preference Shares holders shall have the same rights as ordinary shares holders as regards to receiving notices, reports and audited accounts and attending general meetings of the Company. The Preference Shares holders however are not entitled to any voting rights or participation in any rights, allotments and/or other distributions in the Company except in the following circumstances:
  - (i) Where the dividend or part of the dividend on the preference shares has been declared but remains unpaid for more than 6 months;
  - (ii) On a proposal to reduce the Company's share capital;
  - (iii) On a proposal for the disposal of the Company's group's assets, business and undertakings in excess of 25% of the net assets of the Company's group based on the last audited financial statements;
  - (iv) Upon any resolution which varies or is deemed to vary the rights and privileges attaching to the preference shares;
  - (v) Upon any resolution for the winding up of the Company; and

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**14. STATUTORY AND OTHER INFORMATION (Cont'd)**

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- (vi) Other circumstances as may be provided under law and applicable to preference shares and/or preference shares holders from time to time;

In any such case, the preference shares holders shall be entitled to vote together with the holders of ordinary shares in the company and exercise one vote for each preference share held.

- (g) The Company may from time to time make modifications to the terms of the preference shares which in the opinion of the Company are not materially prejudicial to the interest of the preference shares holders or are to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia and the relevant regulations.

Any variation, modification or abrogation of the rights and privileges attached to the preference shares shall require the sanction of a special resolution of the preference shares holders holding or representing not less than 75% of the outstanding preference shares.

- (h) Notwithstanding anything to the contrary in the Constitution of the Company, the preference shares are freely transferable by its holders to any party, with the approval from the Company's Board of Directors.
- (i) The preference shares shall not be listed on any stock exchange.

**14.3 GENERAL INFORMATION**

- (i) Save for the purchase consideration paid to our shareholders as disclosed in Section 6.2, Directors' remuneration as disclosed in Section 5.2.4, dividends paid to our Promoters as disclosed in Section 11.13, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date, nor is it intended to be so paid or given, to any of our Promoters, Directors or substantial shareholders.
- (ii) Save as disclosed in Section 9.1, none of our Directors or substantial shareholders has any interest, direct or indirect, in any contract or arrangement subsisting at the date and which is significant in relation to the business of our Group.
- (iii) The manner in which copies together with the official application forms and envelopes may be obtained and the details of the procedures for application of our Shares are set out in Section 15.
- (iv) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

**14. STATUTORY AND OTHER INFORMATION (Cont'd)**

**14.4 DETAILS OF OUR SUBSIDIARIES AND ASSOCIATED COMPANY**

**14.4.1 Keyfield Offshore**

Keyfield Offshore was incorporated on 17 April 2013. Keyfield Offshore's share capital as at the LPD is RM53,000,500 comprising 57,750,000 ordinary shares.

The details of changes to Keyfield Offshore's issued share capital from date of incorporation up to the LPD are shown below:

**(i) Ordinary shares**

<b>Date of allotment</b>	<b>No. of share</b>	<b>Nature of transaction</b>	<b>Consideration</b>	<b>Cumulative issued share capital of share (RM)</b>
17 April 2013	10,000	Subscribers' shares	Cash	10,000
6 September 2013	90,000	Issue for cash	Cash	100,000
28 August 2014	200,000	Issue for cash	Cash	300,000
27 May 2016	700,000	Issue for cash	Cash	1,000,000
22 March 2018	9,000,000	Issuance of new shares pursuant to the purchase of LS1	Otherwise than Cash	10,000,000
28 February 2020	33,000,000	Conversion of Keyfield Offshore NCNRCPS <sup>(1)</sup>	Otherwise than Cash	43,000,000
24 August 2020	14,750,000	Issue for cash	Cash	53,000,500

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**14. STATUTORY AND OTHER INFORMATION (Cont'd)****(ii) Keyfield Offshore NCNRCPS**

On 22 March 2018, Keyfield Offshore issued 33,000,000 Keyfield Offshore non-cumulative non-redeemable convertible preference shares ("Keyfield Offshore NCNRCPS") to Darren Kee, Kate Ooi and Mohd Erwan. The 33,000,000 Keyfield Offshore NCNRCPS was subsequently converted to ordinary shares in Keyfield Offshore on 28 February 2020.

<b>Date of allotment</b>	<b>No. of share</b>	<b>Nature of transaction</b>	<b>Consideration</b>	<b>Cumulative issued share capital of share (RM)</b>
22 March 2018	33,000,000	Issuance pursuant to the novation of Keyfield Marine Limited's debt in relation to the acquisition of LS1 to Keyfield Offshore	Otherwise than Cash	33,000,000
28 February 2020	33,000,000	Conversion of Keyfield Offshore NCNRCPS	Otherwise than Cash <sup>(1)</sup>	-

Note:

(1) Converted into ordinary shares in Keyfield Offshore.

The salient terms of the Keyfield Offshore NCNRCPS are set out below:

- (a) Issue price per preference share : RM1.00
- (b) Total number of preference share issued : 33,000,000
- (c) Tenure : No fixed tenure
- (d) Redemption : Non-redeemable
- (e) Redemption price per preference share : Not applicable
- (f) Dividends : No dividend
- (g) Conversion rights : The Keyfield Offshore NCNRCPS shall be convertible, at the option of the holder, at any time during the conversion period, into such number of fully-paid shares of Keyfield Offshore as is determined by dividing the issue price by the conversion price in effect at the time of conversion
- (h) Conversion price : RM1.00 per Keyfield Offshore NCNRCPS

**14. STATUTORY AND OTHER INFORMATION (Cont'd)**

- (i) Conversion period : At any time during the period commencing from the date of allotment and issuance of the Keyfield Offshore NCNRCPS
- (j) Conversion mode : The conversion of the Keyfield Offshore NCNRCPS will not require any cash payment from the Keyfield Offshore NCNRCPS holders. The conversion price shall be satisfied by the Keyfield Offshore NCNRCPS holders surrendering the requisite number of the Keyfield Offshore NCNRCPS for cancellation by the issuer
- (k) Ranking of the preference shares : The preference shares shall rank *pari passu* among themselves
- (l) Ranking of new shares pursuant to the conversion of the preference shares : The new shares to be issued upon conversion of the preference shares shall rank *pari passu* in all respects with the then existing shares of Keyfield Offshore
- (m) Voting rights of the preference shares holders : The preference shares shall not carry any right to vote at any general meeting of Keyfield Offshore
- (n) Governing law : Malaysia

**(iii) Keyfield Offshore CRNCPS**

On 24 November 2021, Keyfield Offshore issued a total of 15,562,500 Keyfield Offshore CRNCPS to Stratos Private Equity. The 15,562,500 Keyfield Offshore CRNCPS was subsequently redeemed on 23 September 2022 and 24 November 2022.

<u>Date of allotment</u>	<u>No. of share</u>	<u>Nature of transaction</u>	<u>Consideration</u>	<u>Cumulative issued share capital of share (RM)</u>
24 November 2021	15,562,500	Issue for cash <sup>(1)</sup>	Cash	15,562,500
23 September 2022	10,000,000	Redemption out of capital	-	5,562,500
24 November 2022	5,562,500	Redemption out of capital	-	-

Note:

(1) The proceeds for the issuance was utilised as follows:

<u>Utilisation</u>	<u>RM'million</u>
Part finance the acquisition of Kindness	13.5
Additional equipment and mobilisation related expenses for Kindness	2.1
<b>Total</b>	<b>15.6</b>

**14. STATUTORY AND OTHER INFORMATION (Cont'd)**

The salient terms of the Keyfield Offshore CRNCPS are set out below:

- (a) Issue price per preference share : RM1.00
- (b) Total number of preference shares issued : 15,562,500
- (c) Tenure : 3 years
- (d) Redemption : Redeemable in full or pro rata, at any time after the preference shares are issued or at the end of the tenure, at the option of the issuer, upon the issuer giving to the holders of the Keyfield Offshore CRNCPS not less than 3 days' notice in writing of its intention to redeem stating the number of Keyfield Offshore CRNCPS to be redeemed and the date fixed for redemption.
- (e) Redemption price per preference share : RM1.00
- (f) Dividends : The preference shares carry a 5% annual dividend pro rata, on a cumulative basis and payable on a monthly basis
- (g) Conversion rights : Not convertible into ordinary shares
- (h) Ranking of the preference shares : The preference shares shall rank *pari passu* among themselves
- (i) Voting rights of the preference shares holders : The preference shares shall not carry any right to vote at any general meeting of Keyfield Offshore
- (j) Governing law : Malaysia

Keyfield Offshore is our wholly-owned subsidiary. As at the LPD, Keyfield Offshore owns 49.0% equity interest in Naka Bayu. Keyfield Offshore has also subscribed for 1 ordinary share (negligible interest) in Keyfield Endeavour. Save for Naka Bayu, Keyfield Offshore does not have any subsidiaries or associated companies.

As at the LPD, save as disclosed above, there are no outstanding warrants, options, convertible securities or uncalled capital in Keyfield Offshore. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

**14. STATUTORY AND OTHER INFORMATION (Cont'd)****14.4.2 Keyfield Marine**

Keyfield Marine was incorporated on 22 October 2019. Keyfield Marine's share capital as at the LPD is RM45,100,000 comprising 100,000 ordinary shares and 45,000,000 non-cumulative redeemable convertible preference shares ("Keyfield Marine NCRCPs").

Details of changes to Keyfield Marine's issued share capital from date of incorporation up to the LPD are shown below:

**(i) Ordinary shares**

<u>Date of allotment</u>	<u>No. of share</u>	<u>Nature of transaction</u>	<u>Consideration</u>	<u>Cumulative issued share capital of share (RM)</u>
22 October 2019	1	Subscriber's share	Cash	1
18 November 2020	99,999	Issue for cash	Cash	100,000

**(ii) Keyfield Marine NCRCPs**

On 3 November 2021, Keyfield Marine issued a total of 45,000,000 Keyfield Marine NCRCPs to Keyfield.

<u>Date of allotment</u>	<u>No. of share</u>	<u>Nature of transaction</u>	<u>Consideration</u>	<u>Cumulative issued share capital of share (RM)</u>
3 November 2021	45,000,000	Capitalisation of shareholder's advance <sup>(1)</sup>	Otherwise than Cash	45,000,000

Note:

- (1) Keyfield Offshore had made advances amounting to RM45.0 million to Keyfield Marine. The advances were utilised by Keyfield Marine for its loan installments and operating expenses. The RM45.0 million advances were subsequently assigned by Keyfield Offshore to Keyfield. On 3 November 2021, the advances were capitalised via the issuance of 45,000,000 Keyfield Marine NCRCPs at the issue price of RM1.00 per Keyfield Marine NCRCPs to Keyfield.

The salient terms of the Keyfield Marine NCRCPs are set out below:

- (a) Issue price per preference share : RM1.00
- (b) Total number of preference shares to be issued : 45,000,000
- (c) Tenure : No fixed tenure



**14. STATUTORY AND OTHER INFORMATION (Cont'd)**

- (d) Redemption : Redeemable at the option of Keyfield Marine at any time after the preference shares are issued, upon Keyfield Marine giving to the holders of the preference shares not less than 3 days' notice in writing of its intention to redeem stating the number of preference shares to be redeemed and the date fixed for redemption. Any redemption by Keyfield Marine shall be done in proportion to the shareholding of all preference shares holders.
- The redemption is subject to Keyfield Marine's cash flow and/or approval by financial institutions
- (e) Redemption price per preference share : RM1.00
- (f) Dividends : No dividend
- (g) Conversion rights : Convertible at the option of Keyfield Marine, at any time during the conversion period, into such number of fully-paid ordinary shares. Any conversion by Keyfield Marine shall be exercised in respect of all holders of preference shares on a pro rata basis
- (h) Conversion mode : The conversion of the preference shares will not require any cash payment from the preference shares holders. The conversion price shall be satisfied by the preference shares holders surrendering the requisite number of preference shares for cancellation by Keyfield Marine
- (i) Conversion ratio : 1 preference share to 1 ordinary share
- (j) Conversion period : At any time commencing from the date of allotment and issuance of the preference shares
- (k) Ranking of the preference shares : The preference shares shall rank *pari passu* among themselves
- (l) Ranking of new shares pursuant to the conversion of the preference shares : The new shares to be issued upon conversion of the preference shares shall rank *pari passu* in all respects with the ordinary shares in Keyfield Marine
- (m) Voting rights of the preference shares holders : The preference shares shall not carry any right to vote at any general meeting of Keyfield Marine
- (n) Governing law : Malaysia

Keyfield Marine is our wholly-owned subsidiary. As at the LPD, Keyfield Marine does not have any subsidiaries or associated companies.

**14. STATUTORY AND OTHER INFORMATION (Cont'd)**

As at the LPD, save as disclosed above, there are no outstanding warrants, options, convertible securities or uncalled capital in Keyfield Marine. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

**14.4.3 Keyfield Endeavour**

Keyfield Endeavour was incorporated on 20 February 2020. Keyfield Endeavour's share capital as at the LPD is RM30,000,000 comprising 5,000,000 ordinary shares and 25,000,000 cumulative redeemable convertible preference shares ("Keyfield Endeavour CRCPS").

The details of changes to Keyfield Endeavour's issued share capital from date of incorporation up to the LPD are shown below:

**(i) Ordinary shares**

<b>Date of allotment</b>	<b>No. of share</b>	<b>Nature of transaction</b>	<b>Consideration</b>	<b>Cumulative issued share capital of share (RM)</b>
20 February 2020	1	Subscriber's share <sup>(1)</sup>	Cash	1
7 May 2021	4,499,999	Capitalisation of shareholder's advance <sup>(2)</sup>	Otherwise than Cash	4,500,000
7 May 2021	500,000	Issue for cash	Cash	5,000,000

Notes:

- (1) The subscriber's share was allotted to Keyfield Offshore then transferred to Keyfield.
- (2) Out of the total amount of RM55.8 million owing by Keyfield Endeavour to our Company as at 30 April 2021, RM4.5 million was capitalised by way of issuance of 4,499,999 new ordinary shares in Keyfield Endeavour at an issue price of RM1.00 per ordinary share.

**(ii) Keyfield Endeavour CRCPS**

Our Company, Keyfield Offshore, Maltquest and Keyfield Endeavour had entered into a subscription agreement on 7 May 2021 ("Keyfield Endeavour Subscription Agreement"). The additional ordinary shares and Keyfield Endeavour CRCPS that have been subscribed pursuant to the Keyfield Endeavour Subscription Agreement are set out in the table below, have been allotted and issued to our Company, Keyfield Offshore and Maltquest on 7 May 2021.

**14. STATUTORY AND OTHER INFORMATION (Cont'd)**

<b>Date of allotment</b>	<b>No. of share</b>	<b>Nature of transaction</b>	<b>Consideration</b>	<b>Cumulative issued share capital of share (RM)</b>
7 May 2021	22,500,000	Capitalisation of shareholder's advance <sup>(1)</sup>	Otherwise than Cash	22,500,000
7 May 2021	2,500,000	Issue for cash	Cash	25,000,000

Note:

- (1) Out of the total amount of RM55.8 million owing by Keyfield Endeavour to our Company as at 30 April 2021, RM22.5 million was capitalised by way of issuance of 22,500,000 Keyfield Endeavour CRCPS at an issue price of RM1.00 per Keyfield Endeavour CRCPS.

Further, our Company, Keyfield Endeavour, Keyfield Offshore and Maltquest had, by way of a letter of shareholders' loan dated 7 May 2021, agreed for our Company and Maltquest to provide a shareholders' loan amounting to RM30.0 million to Keyfield Endeavour ("Letter of Shareholders' Loan"), in the amount and proportion as set out in the table below. The shareholders' loan of RM30.0 million is to finance the settlement of the acquisition of Falcon and the mobilisation cost and equipment purchase for Falcon.

Maltquest was incorporated in Malaysia on 8 November 2017 as a private limited company under the name of Gerbang Stabil Sdn Bhd. On 21 September 2018, it adopted its present name. Its principal activities are investment holding and property investment. As at LPD, the paid-up capital of Maltquest is RM9,500,000 comprising 1,000,000 ordinary shares and 8,500,000 preference shares. The sole director and shareholder of Maltquest is Mohamad Zaidee Bin Abang Hipni.

The total investment in Keyfield Endeavour arising from the Keyfield Endeavour Subscription Agreement and Letter of Shareholders' Loan is as follows:

	<b>Our Company's and Keyfield Offshore's<sup>(1)</sup> portion RM'000</b>	<b>Maltquest's portion RM'000</b>	<b>Total RM'000</b>
Ordinary shares	4,500	500	5,000
Keyfield Endeavour CRCPS	22,500	2,500	25,000
Shareholders' loan	27,000	3,000	30,000
<b>Total</b>	<b>54,000</b>	<b>6,000</b>	<b>60,000</b>

Note:

- (1) Save for 1 ordinary share of Keyfield Endeavour which has already been issued to our Company as at LPD, all the new ordinary shares and Keyfield Endeavour CRCPS arising from the Keyfield Endeavour Subscription Agreement have been allotted and issued on 7 May 2021.

#### **14. STATUTORY AND OTHER INFORMATION (*Cont'd*)**

The above investment in Keyfield Endeavour is for the cost of acquisition of Falcon. Please refer to Section 6.4.1.1(iii) for further details on the source of funding for the acquisition of Falcon.

The salient terms of the Keyfield Endeavour CRCPS are set out below:

- (a) Issue price per preference share : RM1.00
- (b) Total number of preference shares to be issued : 25,000,000
- (c) Tenure : No fixed tenure
- (d) Redemption : Redeemable at the option of Keyfield Endeavour at any time after the preference shares are issued, upon Keyfield Endeavour giving to the holders of the preference shares not less than 1 month's notice in writing of its intention to redeem stating the number of preference shares to be redeemed and the date fixed for redemption. Any redemption by Keyfield Endeavour shall be done in proportion to the shareholding of all preference shares holder.  
  
The redemption is subject to Keyfield Endeavour's cash flow and/or approval by lenders
- (e) Redemption price per preference share : RM1.00
- (f) Dividends : The preference shares carry a 2% annual dividend, cumulative, payable when cash flow permits and/or no restriction from lenders and payable annually in arrears on the anniversary date of allotment of the preference shares
- (g) Conversion rights : Convertible at the option of Keyfield Endeavour, at any time during the conversion period, into such number of fully-paid ordinary shares. Any conversion by Keyfield Endeavour shall be exercised in respect of all holders of preference shares on a pro rata basis
- (j) Conversion mode : The conversion of the preference shares will not require any cash payment from the preference shares holders. The conversion price shall be satisfied by the preference shares holders surrendering the requisite number of preference shares for cancellation by Keyfield Endeavour
- (h) Conversion ratio : 1 preference share to 1 ordinary share

#### 14. STATUTORY AND OTHER INFORMATION (*Cont'd*)

- (i) Conversion period : At any time commencing from the date of allotment and issuance of the preference shares
- (k) Ranking of the preference shares : The preference shares shall rank *pari passu* among themselves
- (l) Ranking of new shares pursuant to the conversion of the preference shares : The new shares to be issued upon conversion of the preference shares shall rank *pari passu* in all respects with the ordinary shares in Keyfield Endeavour
- (m) Issuance of further preference shares : In the event that there remains any outstanding shareholders' loan owing by Keyfield Endeavour to our Company and Maltiquest upon the expiry of 1 year period from the date of the Keyfield Endeavour Subscription Agreement, Keyfield Endeavour shall issue new preference shares ranking *pari passu* with the existing preference shares in Keyfield Endeavour to settle all such outstanding shareholders' loan
- (n) Voting rights of the preference shares holders : The preference shares shall not carry any right to vote at any general meeting of Keyfield Endeavour
- (o) Governing law : Malaysia

Keyfield Endeavour is a 90%-owned subsidiary of our Company, with 1 ordinary share in Keyfield Endeavour owned by Keyfield Offshore. As at the LPD, Keyfield Endeavour does not have any subsidiaries or associated companies.

As at the LPD, save for as disclosed above, there are no outstanding warrants, options, convertible securities or uncalled capital in Keyfield Endeavour. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotments.

##### 14.4.4 Keyfield Resolute

Keyfield Resolute was incorporated on 26 March 2021 under the name of Lavin Vessel 1 Sdn Bhd to acquire Compassion and AF2. On 18 February 2022, Keyfield entered into the Third SPA with Lavin Group for the acquisition of Lavin Vessel 1 Sdn Bhd. Upon completion of the Third SPA, Lavin Vessel 1 Sdn Bhd had changed its name to Keyfield Resolute.

Keyfield Resolute's share capital as at the LPD is RM65,001,000 comprising 1,000 ordinary shares and 65,000,000 non-cumulative redeemable convertible preference shares ("Keyfield Resolute NCRCPs").

**14. STATUTORY AND OTHER INFORMATION (Cont'd)**

Details of changes to Keyfield Resolute's issued share capital from date of incorporation up to the LPD are shown below:

**(i) Ordinary shares**

<u>Date of allotment</u>	<u>No. of share</u>	<u>Nature of transaction</u>	<u>Consideration</u>	<u>Cumulative issued share capital of share (RM)</u>
26 March 2021	1,000	Issue for cash	Cash	1,000

**(ii) Keyfield Resolute NCRCPs**

<u>Date of allotment</u>	<u>No. of share</u>	<u>Nature of transaction</u>	<u>Consideration</u>	<u>Cumulative issued share capital of share (RM)</u>
18 February 2022	65,000,000	Capitalisation of shareholder's advance <sup>(1)</sup>	Otherwise than Cash	65,000,000

Note:

- (1) On 18 February 2022, Keyfield entered into the Capitalisation Agreement with Lavin Group and Keyfield Resolute to capitalise the amount owing by Keyfield Resolute to Lavin Group amounting to RM65.0 million via the issuance of 260,000,000 Keyfield CRNCPS by Keyfield to Lavin Group at the issue price of RM0.25 per Keyfield CRNCPS.

This has resulted in an amount of RM65.0 million owing by Keyfield Resolute to Keyfield, which was then capitalised via the issuance of 65,000,000 Keyfield Resolute NCRCPs at the issue price of RM1.00 per share by Keyfield Resolute to Keyfield.

The salient terms of the Keyfield Resolute NCRCPs are set out below:

- (a) Issue price per preference share : RM1.00 per preference share
- (b) Total number of preference shares to be issued : 65,000,000
- (c) Tenure : No fixed tenure
- (d) Redemption : Redeemable at the option of Keyfield Resolute at any time after the preference shares are issued
- (e) Redemption price per preference share : RM1.00

**14. STATUTORY AND OTHER INFORMATION (Cont'd)**

- |     |   |   |   |
|-----|---|---|---|
| (f) | Dividends   | : | No dividend   |
| (g) | Conversion rights   | : | Convertible at the option of Keyfield Resolute, at any time during the conversion period, into such number of fully-paid ordinary shares. Any conversion by Keyfield Resolute shall be exercised in respect of all holders of preference shares on a pro rata basis                 |
| (h) | Conversion mode   | : | The conversion of the preference shares will not require any cash payment from the preference shares holders. The conversion price shall be satisfied by the preference shares holders surrendering the requisite number of preference shares for cancellation by Keyfield Resolute |
| (i) | Conversion ratio  | : | 1 preference share to 1 ordinary share  |
| (j) | Conversion period   | : | At any time commencing from the date of allotment and issuance of the preference shares   |
| (k) | Ranking of the preference shares  | : | The preference shares shall rank <i>pari passu</i> among themselves   |
| (l) | Ranking of new shares pursuant to the conversion of the preference shares | : | The new shares to be issued upon conversion of the preference shares shall rank <i>pari passu</i> in all respects with the ordinary shares in Keyfield Resolute   |
| (m) | Voting rights of the preference shares holders                            | : | The preference shares shall not carry any right to vote at any general meeting of Keyfield Resolute   |
| (n) | Governing law   | : | Malaysia  |

Keyfield Resolute is our wholly-owned subsidiary. As at the LPD, Keyfield Resolute does not have any subsidiaries or associated companies.

As at the LPD, save as disclosed above, there are no outstanding warrants, options, convertible securities or uncalled capital in Keyfield Resolute. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

**14.4.5 Keyfield Serenity**

Keyfield Serenity was incorporated on 12 January 2022 to facilitate the acquisition of Grace.

Keyfield Serenity's share capital as at the LPD is RM65,100,000 comprising 100,000 ordinary shares and 65,000,000 non-cumulative redeemable convertible preference shares ("Keyfield Serenity NCRCPs").

#### 14. STATUTORY AND OTHER INFORMATION (Cont'd)

Details of changes to Keyfield Serenity's issued share capital from date of incorporation up to the LPD are shown below:

##### (i) Ordinary shares

<u>Date of allotment</u>	<u>No. of share</u>	<u>Nature of transaction</u>	<u>Consideration</u>	<u>Cumulative issued share capital of share (RM)</u>
12 January 2022	100,000	Subscriber's shares	Cash	100,000

##### (ii) Keyfield Serenity NCRCPs

<u>Date of allotment</u>	<u>No. of share</u>	<u>Nature of transaction</u>	<u>Consideration</u>	<u>Cumulative issued share capital of share (RM)</u>
18 February 2022	65,000,000	Capitalisation of shareholder's advance <sup>(1)</sup>	Otherwise than Cash	65,000,000

Note:

(1) On 18 February 2022, Keyfield Serenity had entered into the Stratos MOA with Stratos Vessel to acquire Grace for a total purchase consideration of RM65.0 million. The acquisition was fully satisfied via the issuance of 260,000,000 Keyfield CRNCPS at the issue price of RM0.25 per Keyfield CRNCPS by Keyfield to Stratos Private Equity, the holding company of Stratos Vessel.

This has resulted in an amount of RM65.0 million owing by Keyfield Serenity to Keyfield, which was then capitalised via the issuance of 65,000,000 Keyfield Serenity NCRCPs at the issue price of RM1.00 per share by Keyfield Serenity to Keyfield.

The salient terms of the Keyfield Serenity NCRCPs are set out below:

- (a) Issue price per preference share : RM1.00
- (b) Total number of preference shares to be issued : 65,000,000
- (c) Tenure : No fixed tenure
- (d) Redemption : Redeemable at the option of Keyfield Serenity at any time after the preference shares are issued



**14. STATUTORY AND OTHER INFORMATION (Cont'd)**

- |     |   |   |   |
|-----|---|---|---|
| (e) | Redemption price per preference share                                     | : | RM1.00  |
| (f) | Dividends   | : | No dividend   |
| (g) | Conversion rights   | : | Convertible at the option of Keyfield Serenity, at any time during the conversion period, into such number of fully-paid ordinary shares. Any conversion by Keyfield Serenity shall be exercised in respect of all holders of preference shares on a pro rata basis                 |
| (h) | Conversion mode   | : | The conversion of the preference shares will not require any cash payment from the preference shares holders. The conversion price shall be satisfied by the preference shares holders surrendering the requisite number of preference shares for cancellation by Keyfield Serenity |
| (i) | Conversion ratio  | : | 1 preference share to 1 ordinary share  |
| (j) | Conversion period   | : | At any time commencing from the date of allotment and issuance of the preference shares   |
| (k) | Ranking of the preference shares  | : | The preference shares shall rank <i>pari passu</i> among themselves   |
| (l) | Ranking of new shares pursuant to the conversion of the preference shares | : | The new shares to be issued upon conversion of the preference shares shall rank <i>pari passu</i> in all respects with the ordinary shares in Keyfield Serenity   |
| (m) | Voting rights of the preference shares holders                            | : | The preference shares shall not carry any right to vote at any general meeting of Keyfield Serenity   |
| (n) | Governing law   | : | Malaysia  |

Keyfield Serenity is our wholly-owned subsidiary. As at the LPD, Keyfield Serenity does not have any subsidiaries or associated companies.

As at the LPD, save as disclosed above, there are no outstanding warrants, options, convertible securities or uncalled capital in Keyfield Serenity. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

**14.4.6 Keyfield Geomarine**

Keyfield Geomarine was incorporated on 1 November 2021 to undertake the provision of geomarine support services.

Keyfield Geomarine's share capital as at the LPD is RM10,000 comprising 10,000 ordinary shares.

**14. STATUTORY AND OTHER INFORMATION (Cont'd)**

Details of changes to Keyfield Geomarine's issued share capital from date of incorporation up to the LPD are shown below:

<b>Date of allotment</b>	<b>No. of share</b>	<b>Nature of transaction</b>	<b>Consideration</b>	<b>Cumulative issued share capital of share (RM)</b>
1 November 2021	10,000	Subscribers' shares	Cash	10,000

Keyfield Geomarine is our 51.0%-owned subsidiary. The remaining 49.0% is owned by Helms Geomarine Sdn Bhd. As at the LPD, Keyfield Geomarine does not have any subsidiaries or associated companies.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Keyfield Geomarine. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotments.

**14.4.7 Naka Bayu**

Naka Bayu was incorporated on 17 June 2016. Naka Bayu's share capital as at the LPD is RM250,000 comprising 250,000 ordinary shares.

The details of changes to Naka Bayu's issued share capital from date of incorporation up to the LPD are shown below:

<b>Date of allotment</b>	<b>No. of share</b>	<b>Nature of transaction</b>	<b>Consideration</b>	<b>Cumulative issued share capital of share (RM)</b>
17 June 2016	2	Subscribers' shares	Cash	2
20 July 2016	49,998	Issue for cash	Cash	50,000
10 October 2016	200,000	Issue for cash	Cash	250,000

As at the LPD, we own 49.0% equity interest in Naka Bayu. The remaining shareholders of Naka Bayu are Tunku Azlan Bin Tunku Aziz (30.0%) and Mohd Erwan (21.0%). As at the LPD, Naka Bayu does not have any subsidiaries or associated companies.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Naka Bayu. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotments.

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## **14. STATUTORY AND OTHER INFORMATION (*Cont'd*)**

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### **14.5 CONSENTS**

- (i) The written consents of the Principal Adviser, Underwriter, Joint Placement Agents, Solicitors, Share Registrar, Company Secretaries and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue and have not subsequently been withdrawn;
- (ii) The written consents of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and Reporting Accountants' reports relating to the Pro Forma Consolidated Statements of Financial Position in the form and context in which they are contained in this Prospectus have been given before the issue and have not subsequently been withdrawn; and
- (iii) The written consent of the IMR to the inclusion in this Prospectus of its name and the IMR Report titled "Independent Market Research Report on the Accommodation Vessel Chartering Market, particularly on the Accommodation Work Boat Chartering Market in Malaysia", in the form and context in which they are contained in this Prospectus have been given before the issue and have not been subsequently withdrawn.

### **14.6 DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date:

- (i) Constitution of our Company;
- (ii) The audited financial statements of the Keyfield and its subsidiaries for the FYEs 2020, 2021, 2022 and FPE Sep 2023;
- (iii) The Accountants' Report as set out in Section 12;
- (iv) The Reporting Accountants' reports relating to our Pro Forma Consolidated Statements of Financial Position as set out in Section 13;
- (v) The IMR Report as set out in Section 7;
- (vi) The material contracts as set out in Section 6.16;
- (vii) The letters of consent as set out in Section 14.5; and
- (viii) The By-Laws as set out in Annexure A.

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**14. STATUTORY AND OTHER INFORMATION (Cont'd)**

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**14.7 RESPONSIBILITY STATEMENTS**

Our Directors and Promoters have seen and approved this Prospectus, and they collectively and individually accept full responsibility for the accuracy of the information contained herein, and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities acknowledge that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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## **15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE**

**THIS SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.**

**Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.**

**Unless the context otherwise requires, words used in the singular include the plural, and vice versa.**

### **15.1 OPENING AND CLOSING OF APPLICATION**

OPENING OF THE APPLICATION PERIOD: 10.00 A.M. ON 26 MARCH 2024

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M. ON 3 APRIL 2024

In the event there is any change to the timetable, we will advertise the notice of the changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

**Late Applications will not be accepted.**

### **15.2 METHODS OF APPLICATIONS**

#### **15.2.1 Retail Offering**

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

<b>Types of Application and category of investors</b>	<b>Application Method</b>
Applications by our eligible Directors, employees and crew members as well as persons who have contributed to the success of our Group	Pink Application Form only
Applications by the Malaysian Public:	
(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(ii) Non-Individuals	White Application Form only

## 15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

### 15.2.2 Placement

Types of Application	Application Method
Applications by:	
(i) Selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.
(ii) Bumiputera investors approved by MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions.

Selected investors and Bumiputera Investors approved by MITI may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

## 15.3 ELIGIBILITY

### 15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party CDS accounts will not be accepted** for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

**MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.**

**AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.**

### 15.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

- (i) You must be one of the following:
  - (a) A Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or

## **15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (b) A corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
  - (c) A superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
  - (iii) You must submit Applications by using only one of the following methods:
    - (a) White Application Form;
    - (b) Electronic Share Application; or
    - (c) Internet Share Application.

### **15.3.3 Application by our eligible Directors, employees and crew members as well as persons who have contributed to the success of our Group**

Our eligible Directors, employees and crew members as well as persons (including any entities, wherever established) who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated IPO Shares. Applicants must follow the notes and instructions on the said documents and where relevant, in this Prospectus.

## **15.4 APPLICATION BY WAY OF APPLICATION FORMS**

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.90 for each IPO Share.

Payment must be made out in favour of "**TIH SHARE ISSUE ACCOUNT NO 760**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) Despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd  
(Registration No. 197101000970 (11324-H))  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

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**15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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- (ii) **DELIVER BY HAND AND DEPOSIT** in the drop-in box provided at the following address:

Tricor Customer Service Centre  
Unit G-3, Ground Floor  
Vertical Podium, Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on 3 April 2024 or by such other time and date specified in any change to the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

**15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS**

Only **Malaysian individuals** may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

**15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS**

Only **Malaysian individuals** may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CGS International Securities Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd), Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.



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## **15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)**

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### **15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE**

The Issuing House, on the authority of our Board reserves the right to:

- (i) Reject Applications which:
  - (a) Do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
  - (b) Are illegible, incomplete or inaccurate; or
  - (c) Are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) Reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) Bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at anytime within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

### **15.8 OVER / UNDER-SUBSCRIPTION**

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the Issuing House's website at <http://tiih.online> within 1 Market Day after the balloting event.

Pursuant to the Listing Requirements, we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 1,000 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or eligible Directors, employees and crew members as well as persons who have contributed to the success of our Group, subject the underwriting arrangements and reallocation as set out in Section 4.11 of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

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**15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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**15.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS**

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

**15.9.1 For applications by way of Application Forms**

- (i) The application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).
- (iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

**15.9.2 For applications by way of Electronic Share Application and Internet Share Application**

- (i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the 5<sup>th</sup> Market Day from the balloting date.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the

## **15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

### **15.10 SUCCESSFUL APPLICANTS**

If you are successful in your application:

- (i) Our IPO Shares allotted to you will be credited into your CDS account.
- (ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

### **15.11 ENQUIRIES**

Enquiries in respect of the applications may be directed as follows:

<b>Mode of application</b>	<b>Parties to direct the enquiries</b>
Application Form	Issuing House Enquiry Services Telephone at telephone no. 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://tiih.online>, 1 Market Day after the balloting date.

You may also check the status of your Application at the above website, 5 Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

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**ANNEXURE A: BY-LAWS FOR THE ESOS**

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**KEYFIELD INTERNATIONAL BERHAD  
EMPLOYEES' SHARE OPTION SCHEME ("ESOS")**

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**1. NAME OF SCHEME**

This ESOS shall be called the "Keyfield International Berhad's ESOS".

**2. RATIONALE FOR THE SCHEME**

The implementation of the ESOS primarily serves to align the interests of the Eligible Persons (herein defined) to the corporate goals of Keyfield Group. The ESOS will provide the Eligible Persons with an opportunity to have equity participation in the Company and help achieve the positive objectives as set out below:

- (a) To recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of Keyfield Group;
- (b) To motivate the Eligible Persons towards improved performance through greater productivity and loyalty;
- (c) To inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of the Company; and
- (d) To reward the Eligible Persons by allowing them to participate in the Group's profitability and eventually realise any potential capital gains arising from possible appreciation in the value of Keyfield Shares, upon exercising of the ESOS Options.

In addition, Keyfield will be able to utilise the proceeds from the exercise of the ESOS Options for its working capital purposes, which is expected to finance the Group's day-to-day operations, amongst others, repayment to trade creditors as well as general expenses such as traveling, staff training, rental of offices and utilities.

**3. DEFINITIONS AND INTERPRETATIONS**

3.1 In these ESOS By-laws, the following terms shall, unless the context otherwise requires, have the following meanings:

- "Act" : The Companies Act, 2016 and any amendments made thereto from time to time.
- "Adviser" : Adviser in relation to a listed issuer, means a person who is permitted to carry on the regulated activity of advising corporate finance under the Capital Markets and Services Act 2007, which includes a Principal Adviser as defined in the Securities Commission's Principal Adviser's Guidelines and any amendments made thereto from time to time.

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**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

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"Auditors"	:	The external auditors for the time being of the Company or such other external auditors as may be nominated by the Board.
"Board"	:	Board of Directors of Keyfield, as may be constituted from time to time.
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W)).
"By-laws"	:	The rules, terms and conditions of the scheme as set out herein, and shall include any amendments or variations made thereto from time to time.
"Calendar Days"	:	Means days according to the Gregorian calendar and not working days.
"CDS"	:	Central Depository System.
"CDS Account"	:	An account established by Bursa Depository for a depositor for the recording of securities and for dealing in such securities by the depositor.
"Central Depositories Act"	:	The Securities Industry (Central Depositories) Act 1991 and any amendments made thereto from time to time.
"Constitution"	:	Constitution of the Company, as amended from time to time.
"Date of Acceptance"	:	The date where the ESOS Committee receives written notice from an Eligible Person accepting an Offer.
"Date of Offer"	:	The date on which an Offer is made to an Eligible Person by the ESOS Committee from time to time during the Option Period to participate in the ESOS in accordance with the By-laws.
"Depository Rules"	:	The Rules of Bursa Depository and any appendices thereto.
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W)).
"Director(s)"	:	All directors of Keyfield and its Subsidiaries, which are not dormant, and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act, 2007 including non-executive directors.
"Effective Date"	:	The date on which the ESOS is implemented in accordance with the ESOS By-laws as provided in ESOS By-law 4.1 and By-law 21.
"Eligible Person(s)"	:	A natural person who is a Director or an employee of the Group (which are not dormant companies) and who meets the criteria of eligibility for participation in the ESOS as stipulated under ESOS By-law 5 and subject to ESOS By-law 5.3.

**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

"ESOS"	:	The employee share option scheme for the grant of Options to Eligible Persons to subscribe for new Keyfield Shares upon the terms as set out herein, such scheme to be known as the "Keyfield International Berhad Employees' Share Option Scheme".
"ESOS Committee"	:	The committee comprising Directors and Key Management appointed by the Board to administer the ESOS of the Company and governed by the By-laws. For the avoidance of doubt, no Director and/or senior management shall participate in the deliberation or discussion on their own ESOS allocation.
"ESOS Option(s)" or "Option(s)"	:	The right of a Grantee to subscribe for one (1) Keyfield Share at the Subscription Price pursuant to an Offer duly accepted by the Grantee in the manner indicated under ESOS By-law 8.
"Grantee(s)"	:	Any Eligible Person who has accepted the Offer in the manner as stipulated under the ESOS By-law 8.
"Keyfield" or "Company"	:	Keyfield International Berhad (Registration No. 202001038989 (1395310-M)).
"Keyfield Group" or "Group"	:	Keyfield and its Subsidiaries and associated company, collectively.
"Keyfield Share(s)" or "Share(s)"	:	Ordinary shares in Keyfield.
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities including any amendments made thereto from time to time.
"Market Day(s)"	:	Any day(s) between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for official trading of securities.
"Maximum Allowable Allotment"	:	The maximum number of new Keyfield Shares that may be offered and allotted to an Eligible Person in accordance with the provisions of ESOS By-law 6.
"Maximum ESOS Limit"	:	Shall have the meaning ascribed to it under By-law 4.1 hereof.
"Offer"	:	A written offer, made by the ESOS Committee from time to time to the Eligible Persons to participate in the ESOS in the manner indicated under ESOS By-law 7.
"Option Period"	:	The period commencing from the Date of Offer until the expiry date and/or termination of the ESOS or such other date as may be specifically stated in such Offer for an Eligible Person to exercise the Options provided that no Option Period shall extend beyond the duration of ESOS referred to under ESOS By-law 21 hereof or in the event of a termination of the ESOS, the date of termination of the ESOS.
"Person(s) Connected"	:	Person connected as defined in Paragraph 1.01 of the Listing Requirements.

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**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

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- "RM" and "sen" : Ringgit Malaysia and sen respectively.
- "Subscription Price" : The price at which the Grantee shall be entitled to subscribe for each new Keyfield Share as calculated in the manner indicated under ESOS By-law 9.
- "Subsidiary" : Any company which is a subsidiary of Keyfield within the meaning of Section 4 of the Act (which for the avoidance of doubt shall exclude the Company's associate company(ies)), which are not dormant and shall include any Subsidiary existing as at the Effective Date and any Subsidiary incorporated or acquired at any time during the tenure of the ESOS but excludes subsidiaries which are dormant or have been divested in the manner provided in ESOS By-law 24, and "Subsidiaries" shall be construed accordingly.
- VWAMP Volume weighted average market price.

**In these ESOS By-laws:**

- 3.2 Any reference to any statute or any statutory provision shall include any regulations and other subordinate legislation made from time to time under that statute or statutory provision and any Listing Requirements, policies and/or guidelines of the relevant authorities (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or the relevant authorities);
- 3.3 Any reference to any statute or any statutory provision shall include that statute or statutory provision as from time to time modified or re-enacted whether before or after the date of these ESOS By-laws so far as such modification or re-enactment applies or is capable of applying to any Options offered and accepted within the duration of the ESOS and shall also include any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;
- 3.4 Words importing the singular meaning, where the context so admits, include the plural meaning and vice versa;
- 3.5 Words denoting the masculine gender include the feminine and neuter gender and all such words shall be construed interchangeably in that manner;
- 3.6 Any liberty or power which may be exercised or any determination which may be made hereunder by the ESOS Committee may be exercised in the ESOS Committee's discretion;
- 3.7 The term 'month' means a Gregorian calendar month;
- 3.8 The headings in these ESOS By-laws are inserted for convenience of reference only and shall be ignored in the interpretation and construction of the provisions herein contained; and
- 3.9 If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day.

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**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

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**4. MAXIMUM NUMBER OF NEW KEYFIELD SHARES AVAILABLE UNDER THE SCHEME**

- 4.1 The maximum number of new Keyfield Shares to be allotted and issued pursuant to the exercise of the Options which may be granted under the ESOS shall not exceed in aggregate fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any point of time throughout the duration of the ESOS as provided in ESOS By-law 21 ("**Maximum ESOS Limit**").
- 4.2 Notwithstanding ESOS By-law 4.1 or any other provision herein contained, in the event the maximum number of new Keyfield Shares comprised in the Options granted under the ESOS exceeds the aggregate of fifteen per cent (15%) of the total number of issued shares of the Company (excluding treasury shares, if any) as a result of the Company purchasing its own shares pursuant to Section 127 of the Act or the Company undertakes any other corporate proposal and thereby resulting in the total number of Shares to be issued under the ESOS exceeding fifteen per cent (15%) of the total number of issued shares of the Company, then,
- (a) such Options granted prior to the adjustment of the total number of issued shares of the Company (excluding treasury shares) shall remain valid and exercisable in accordance with the provisions of this ESOS By-laws; and
  - (b) no further Options shall be offered until the total number of new Keyfield Shares comprised in the Options granted or to be granted under the ESOS falls below fifteen per cent (15%) of the total number of issued shares of the Company (excluding treasury shares).
- 4.3 The Company will within the duration of the ESOS keep available sufficient unissued Keyfield Shares in the capital of the Company to satisfy all outstanding ESOS Options, which may be exercised in accordance with this ESOS By-laws.
- 4.4 Each ESOS Option shall be exercisable into one new Keyfield Share(s), in accordance with the provisions of this ESOS By-laws.

**5. DETERMINATION OF ELIGIBILITY**

- 5.1 Any Director or employee including crew members of any company comprised in the Group which is not dormant shall be eligible to be considered for the offer of Options under the ESOS provided that:
- (a) the Director or employee shall have attained the age of eighteen (18) years on the Date of Offer and are neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
  - (b) the Director or employee must fulfill such other eligibility criteria as may be determined by the ESOS Committee from time to time;
  - (c) the Director or employee must have been confirmed in service; and
  - (d) in respect of crew members who are serving short term employment contract, he must have served at least 100 days in a calendar year and been with our Group for at least 3 years.
- 5.2 The ESOS Committee may from time to time at its absolute discretion select and identify suitable Eligible Persons to be offered Options, and the decision of the ESOS Committee is final and binding.



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**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

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- 5.3 In addition to the foregoing, where the Directors are eligible to participate in the ESOS, such entitlement under the ESOS must have been approved by the shareholders of the Company in general meeting.
- 5.4 No Eligible Person shall at any one point in time participate or be eligible to participate in more than one (1) share option scheme or share grant scheme (in any form or manner, and local or foreign) implemented by any corporation within the Keyfield Group.
- 5.5 In determining the eligibility and allocation of an Eligible Person to participate in the ESOS, the ESOS Committee will take into account amongst others, the position, ranking, performance, contribution, seniority, length of service, fulfilment of the eligibility criteria as referred to in the By-laws or such other factors that the ESOS Committee deems relevant. Selection for participation in the ESOS shall be at the sole and absolute discretion of the ESOS Committee.
- 5.6 Eligibility under the ESOS shall not confer on an Eligible Person a claim or right to participate in or any rights whatsoever under the ESOS and an Eligible Person does not have any rights to acquire or have any rights over or in connection with the Options or the new Keyfield Shares comprised therein unless an Offer has been made in writing by the ESOS Committee to the Eligible Person under ESOS By-law 7 and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the ESOS.
- 5.7 A set of criteria on eligibility and allocation as determined by the ESOS Committee from time to time shall be made available to the Eligible Persons.
- 5.8 An employee who during the duration of the Scheme becomes an Eligible Person may be eligible for Options (to be decided by the ESOS Committee) subject to the Maximum Allowable Allotment for the category to which he has been admitted.
- 5.9 The allotment of Options under By-law 5.8 shall be from the balance of the Options available under the Scheme subject to the provisions of By-law 4.1.

**6. BASIS OF ALLOCATION AND MAXIMUM ALLOWABLE ALLOTMENT**

- 6.1 Subject to any adjustment which may be made under ESOS By-law 17, the aggregate number of new Keyfield Shares that may be offered under the Options and allotted and issued to an Eligible Person shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst other factors, the position, ranking, performance, contribution, seniority, length of service, fulfilment of the eligibility criteria as referred to in the By-laws or such other factors that the ESOS Committee may deem relevant subject to the following:
- (a) the aggregate number of new Shares to be issued pursuant to the exercise of the ESOS Options granted under the ESOS shall not exceed the Maximum ESOS Limit and the ESOS Committee shall not be obliged in any way to offer an eligible Director or employee the ESOS Options for all the specified maximum number of Shares the eligible Director or employee is entitled to under the ESOS;
  - (b) any offer, allocation of ESOS Options under the ESOS and the related allotment of Shares to any eligible Directors, major shareholders who are employees of the Group or the chief executive officer of our Company and any person connected with them who is an employee of our Group shall require prior approval of the shareholders of the Company in a general meeting, and they shall not vote on the resolution approving their respective offer, allocation and allotment;

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**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

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- (c) that the Directors and key senior management do not participate in the deliberation or discussion of their own allocation and/or allocation of ESOS Options to Person Connected with them under the ESOS;
- (d) the allocation to the Eligible Person who, either singly or collectively through Person Connected with the Eligible Person, holds twenty per cent (20%) or more of the total number of issued shares (excluding treasury shares) of the Company, does not exceed ten per cent (10%) of the total number of the new Keyfield Shares to be issued under the ESOS;
- (e) any performance target to be achieved before the ESOS Options can be granted and/or exercised by an eligible Director or employee shall be determined by the ESOS Committee; and
- (f) Not more than fifty per cent (50%) of the total number of new Keyfield Shares available under the ESOS shall be allocated in aggregate to the Directors and senior management of Keyfield and its subsidiaries, which are not dormant, on the basis that they are crucial to the performance of Keyfield Group as determined by the ESOS Committee at their sole and absolute discretion,

provided always that it is in accordance with any prevailing requirements issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

For the avoidance of doubt, the ESOS Committee shall have sole and absolute discretion in determining whether:

- (a) the granting of the Options to the Eligible Persons will be based on staggered granting over the duration of the ESOS or in one (1) single grant; and
- (b) the ESOS Options are subject to any vesting period and if so, the vesting conditions and whether such vesting is subject to achievement of performance targets.

- 6.2 The number and allocation of Options so offered pursuant to the ESOS and the new Shares arising from the exercise of the Options shall be verified by the ESOS Committee.
- 6.3 At the time the Offer is made in accordance with ESOS By-law 7, the ESOS Committee shall set out the basis of allotment, identifying the category or grade of the Eligible Person and the Maximum Allowable Allotment for the Eligible Person in the differing categories or grades.
- 6.4 Any Eligible Person who holds more than one (1) position within the Keyfield Group and by holding such positions, the Eligible Person is in more than one category, shall only be entitled to the Maximum Allowable Allotment of any one of those categories. The ESOS Committee shall be entitled at its discretion to determine the applicable category.
- 6.5 In the event that an Eligible Person is promoted, the ESOS Committee shall have the sole and absolute discretion in determining the Maximum Allowable Allotment applicable to such Eligible Person, subject always to the availability of the Options and the maximum number of Keyfield Shares available under the ESOS as stipulated under ESOS By-law 4.1 and the Maximum Allowable Allotment as set out in ESOS By-law 6.1.

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**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

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- 6.6 An Eligible Person who is demoted to a lower grade for any reason whatsoever shall only be entitled to such Maximum Allowable Allotment corresponding to such demoted category unless the Offer has been made and accepted by him before such demotion, subject always to the maximum number of Keyfield Shares available under the ESOS as stipulated under ESOS By-law 4.1 and the Maximum Allowable Allotment as set out in ESOS By-law 6.1 and where the demoted Eligible Person has accepted the Offer which exceeds the Maximum Allowable Allotment under the category of Employees to which such Eligible Person has been demoted, such Eligible Person shall not be entitled to further allocation under such category.
- 6.7 The ESOS Committee or the Board may in its discretion introduce additional category or grades of Employees as it deems necessary during the duration of the ESOS.

**7. OFFER OF OPTIONS**

- 7.1 (a) The ESOS Committee shall, within the duration of the ESOS as specified in ESOS By-law 21 hereof, make Offers to any Eligible Person whom the ESOS Committee may in its sole and absolute discretion determine in accordance with the terms of the ESOS.
- (b) Notwithstanding subsection (a) above, where it involves an Offer to an Eligible Person who is a member of the ESOS Committee, such grant of Options shall be decided by the Board but carried out by the ESOS Committee. However, if a Board member is made an Offer under this By-laws, the said Board member shall abstain from any decision or discussion pertaining to his allotment of Options.
- 7.2 The actual number of new Keyfield Shares which may be offered to an Eligible Person shall be at the discretion of the ESOS Committee and, subject to any adjustment that may be made under ESOS By-law 17, shall be in multiples of and not be less than one hundred (100) Keyfield Shares, but subject to the Maximum Allowable Allotment as set out in ESOS By-law 6.1.
- 7.3 Subject to ESOS By-law 4, nothing herein shall prevent the ESOS Committee from making more than one (1) Offer to an Eligible Person at any point of time after the first Offer provided always that the total aggregate number of new Keyfield Shares to be offered to the Eligible Person (inclusive of Keyfield Shares already offered under previous Offers, if any) shall not exceed the Maximum Allowable Allotment as set out in ESOS By-law 6.1.
- 7.4 No Options will be granted to any Director or a chief executive or a major shareholder of Keyfield and/ or a Person Connected with a Director or a chief executive or a major shareholder of the Company, who is an Eligible Person, unless the grant of Options to them shall have been previously approved by the shareholders of the Company in general meeting of which they shall not vote on the resolution approving their respective offer, allocation and allotment.
- 7.5 Any Offer made by the ESOS Committee shall be made in writing. Such Offer is personal to the Eligible Person to whom the Offer is made, and is non-assignable, non-transferable, non-chargeable and non-disposable in any manner whatsoever.
- 7.6 Unless otherwise approved in writing by the ESOS Committee in its absolute discretion, any Offer shall automatically lapse and be null and void in the event of the death of the Eligible Person or the Eligible Person ceasing to be employed by the Keyfield Group for any reason whatsoever prior to the acceptance of the Offer by the Eligible Person in the manner set out in ESOS By-law 8 hereof.

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**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

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- 7.7 The ESOS Committee shall in its letter of offer ("**Offer Letter**") to an Eligible Person set out (amongst others) the number of new Keyfield Shares that may be subscribed for under the Offer, the Maximum Allowable Allotment, the Subscription Price, Option Period, the closing date for acceptance of the Offer, the manner of exercise of the Options and vesting period or vesting conditions of the ESOS Options offered, if any.
- 7.8 The Company shall keep and maintain at its expense a register of Grantees and shall enter in that register the names and addresses of the Grantees, the Maximum Allowable Allotment, the number of Options offered and accepted, the number of Options exercised, the Date of Offer and the Subscription Price.
- 7.9 Without prejudice to ESOS By-law 18, in the event the Offer Letter contains an error on the part of the Company in stating any of the particulars in ESOS By-law 7.7 above, the Company shall issue a revised Offer Letter, stating the correct particulars of the Offer within one (1) month of discovering such error and the revised particulars of the Offer shall take effect on the date of the revised Offer Letter except for Options which have already been exercised as at the date of the revised Offer Letter.

**8. ACCEPTANCE OF OFFER**

- 8.1 The Offer to participate in the ESOS shall be valid for acceptance for a period of thirty (30) days from the Date of Offer or such longer period as may be determined by the ESOS Committee in on a case-to-case basis at its discretion ("**Prescribed Period**").
- 8.2 If an Eligible Person wishes to accept the Offer made to it under ESOS By-law 8.1, he shall do so within the Prescribed Period by a written notice to the ESOS Committee in the form prescribed by the ESOS Committee and accompanied by a payment to the Company of a nominal non-refundable cash consideration of Ringgit Malaysia One (RM1.00) only for the grant of the Options pursuant to the Offer. The day of receipt of such written notice shall constitute the Date of Acceptance.
- 8.3 If the Offer is not accepted in the manner aforesaid, such Offer shall upon the expiry of the Prescribed Period be deemed rejected by the Eligible Person and shall automatically lapse and shall be null and void and be of no further effect, and the Options may, at the discretion of the ESOS Committee, be re-offered to other Eligible Persons.

**9. SUBSCRIPTION PRICE**

Subject to any adjustments in accordance with ESOS By-law 17, the Subscription Price shall be determined by the Board upon recommendation of the ESOS Committee and shall be fixed based on the 5-day VWAMP of Keyfield Shares, as quoted on Bursa Securities, immediately preceding the Date of Offer with a discount of not more than ten per cent (10%) to the said price, if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time during the Option Period.

The Subscription Price as determined by the Board upon recommendation of the ESOS Committee which shall be conclusive and binding on the Grantee.

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**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

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**10. EXERCISE OF OPTIONS**

10.1 Subject to ESOS By-law 8, the Options granted to an Eligible Person pursuant to an Offer under the ESOS is exercisable by the Eligible Person in full or by such lesser number as the Eligible Person may be entitled under the Options at any time during the Option Period.

If the Options in an Offer are exercisable in such lesser number by the Eligible Person during the Option Period, the remaining number can be exercised by him from time to time during his lifetime whilst the Grantee is in the employment of the Keyfield Group within the Option Period.

10.2 Subject to any adjustments in accordance with ESOS By-law 17, the ESOS Committee may, at any time and from time to time after the Options are granted pursuant to ESOS By-law 7, within the Option Period and impose any other terms and/or conditions deemed appropriate by the ESOS Committee at its sole and absolute discretion including amending/varying any terms and conditions imposed earlier subject always to the provisions of ESOS By-law 17.

10.3 The Grantee shall notify the ESOS Committee in writing in the prescribed form of the Grantee's intention to exercise the Options. If the Options are exercised in respect of such lesser number as the Grantee may so decide to exercise provided that the number shall be in multiples of and not less than one hundred (100) Keyfield Shares. Such partial exercise of the Options shall not preclude the Grantee from exercising the Options as to the balance thereof at any time in the future but within the Option Period. In the event the balance of Keyfield Shares exercisable by a Grantee in accordance with these ESOS By-laws shall be less than one hundred (100) Keyfield Shares, the said balance shall, if exercised, must be exercised in a single tranche.

10.4 Every such notice to exercise the Options shall be accompanied by a remittance for the full amount of the Subscription Price monies in relation to the number of Keyfield Shares in respect of which the written notice is given. The Company shall endeavour to allot and issue such new Keyfield Shares to the Grantee in accordance with the provisions of the Constitution, the Central Depositories Act and the Depository Rules, despatch the notice of allotment to the Grantee and make an application for the listing and quotation for the new Keyfield Shares within eight (8) Market Days from the receipt by the Company of the aforesaid notice and remittance from the Grantee or such other period as may be prescribed by Bursa Securities.

10.5 Any failure to comply with the foregoing provisions and/or to provide all information as required in the notice of exercise referred to in ESOS By-law 10.3 or inaccuracy in the information provided shall result in the notice of exercise being rejected. The ESOS Committee shall inform the Grantee of the rejection of the said notice within fourteen (14) Calendar Days from the date of the rejection and the Grantee shall be deemed not to have exercised his Options.

10.6 The Grantee who exercises his Options shall provide the ESOS Committee with his CDS Account number in the notice referred to in ESOS By-law 10.3. The new Keyfield Shares to be issued pursuant to the exercise of the Options will be credited directly into the CDS Account of the Grantee and a notice of allotment and issuance stating the number of new Keyfield Shares credited into the CDS Account will be issued to the Grantee and no physical share certificate will be issued.

10.7 All Options to the extent unexercised on the expiry of the Option Period applicable thereto shall lapse and have no further effect.

10.8 An eligible Director who is a non-executive Director in the Company shall not sell, transfer or assign the Keyfield Shares obtained through the exercise of Options offered to him within one (1) year from the Date of Offer pursuant to the Listing Requirements as amended from time to time or other prevailing applicable guidelines.

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**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

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- 10.9 Each Grantee shall at its own cost and expense open a CDS Account and a trading account with a nominee company or a broker approved by the ESOS Committee.
- 10.10 The Company, the Board (including Directors of Keyfield who have resigned but were on the Board during the Option Period) and the ESOS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities, gains or profits foregone howsoever arising in the event of:
- (a) any delay on the part of the Company in procuring Bursa Securities to list and quote the new Keyfield Shares allotted and issued to a Grantee pursuant to the exercise of the Options by the Grantee; and/or
  - (b) any delay in crediting the said new Keyfield Shares into the CDS Account of the Grantee with the Nominee; and/or
  - (c) any other matter or dealing which is outside the control of the Company.
- 10.11 Every Option shall be subject to the condition that no new Keyfield Shares shall be issued to the Grantee pursuant to the exercise of an Option if such an issue would be contrary to any law, enactment, rules and/or regulations of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.

**11. NON-TRANSFERABILITY, TERMINATION OF OPTIONS AND SUSPENSION**

- 11.1 An Option is personal to the Grantee and subject to ESOS By-law 11.2 is exercisable only by the Grantee personally during his lifetime whilst he is in the employment of any Group company and within the Option Period.
- 11.2 In the event of the cessation of employment of a Grantee with the Keyfield Group for whatever reason prior to the exercise of his Options or prior in full exercise of his Options, such Options shall cease immediately on the date of such cessation without any claim against the Company PROVIDED ALWAYS THAT subject to the written approval of the ESOS Committee in its discretion if such cessation occurs by reason of:-
- (a) retirement on attaining the retirement age under the Keyfield Group's policy;
  - (b) retirement before attaining the normal retirement age but with the consent of the Board;
  - (c) redundancy or any voluntary separation scheme;
  - (d) ill-health, injury, physical or mental disability; or
  - (e) any other circumstances which are acceptable to the ESOS Committee, such Options shall remain exercisable during the Option Period.

Upon the termination of Options pursuant to the above, the Grantee shall have no right to compensation or damages or any claim against the Company for any loss of any right or benefit under the ESOS which he/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his/her ceasing to hold office or employment or from the suspension of his/her right to exercise his/her Options or his/her Options ceasing to be valid.

- 11.3 An Option shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the option.

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**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

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- 11.4 In the event of the death or termination of employment of a Grantee with the Keyfield Group for whatsoever reason prior to the full exercise of the Options, such Options or the balance thereof, as the case may be, shall forthwith become void and cease to have further effect and the Keyfield Shares in respect of such Options may be re-offered to other Eligible Persons at the absolute discretion of the ESOS Committee.
- 11.5 The Option shall immediately become void and of no effect upon the following circumstances:
- (a) the bankruptcy of the Grantee or the Grantee being adjudicated a bankrupt; or
  - (b) a disciplinary action is taken on the Grantee pursuant to ESOS By-law 11.6; or
  - (c) any other circumstances as may be determined by the ESOS Committee.
- 11.6 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of services of such Grantee or are found to have had no basis or justification), the ESOS Committee shall have the right, at its discretion, to suspend the rights of the Grantee to exercise the Grantee's Option(s) pending the outcome of such disciplinary proceedings. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate having regard to the nature of the charges made or brought against such Grantee, PROVIDED ALWAYS that:
- (a) in the event such Grantee shall subsequently be found not guilty of the charge(s) which gave rise to such disciplinary proceedings, the ESOS Committee shall reinstate the rights of such Grantee to exercise the Grantee's Option(s) as if such disciplinary proceeding had not been instituted in the first place;
  - (b) in the event such Grantee is found guilty of the charge(s) and the same results in the dismissal or termination of service of such Grantee, the Option(s) shall immediately upon pronouncement of the dismissal or termination of service of such Grantee, automatically lapse without notice and thereafter shall be null and void and be of no effect notwithstanding that such recommendation may be subsequently challenged by the Grantee in any other forum; or
  - (c) in the event such Grantee is found guilty of the charge(s) but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its sole and absolute discretion whether or not the Grantee may continue to exercise the Grantee's Option(s) and, if so, to impose such terms and conditions as it deems appropriate, for the exercise thereof; or
  - (d) in the event that no decision is made and/or disciplinary proceedings are not concluded prior to the expiry of the Exercise Period, the Options of such Grantee shall immediately lapse on the expiry of the Exercise Period without notice.
- 11.7 Where a Grantee dies before the expiry of the Option Period and at the time of his death held unexercised Options, such Options shall cease immediately on the date of such death without any claim against the Company PROVIDED ALWAYS THAT, subject to the written approval of the ESOS Committee in its discretion, such unexercised Options may be exercised in full by the legal or personal representatives of the Grantee after the date of his death provided that such exercise shall be within the Option Period and shall not be later than twelve (12) months after the date of his death.

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**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

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11.8 If the ESOS Committee in its absolute discretion determine that a Subsidiary is not an eligible Subsidiary for purposes of the ESOS, a Grantee who was in the employment of such Subsidiary and who has not yet exercised the Options shall not be entitled to exercise such Options unexercised on the date such Subsidiary is determined by the ESOS Committee not to be eligible unless the ESOS Committee otherwise decides. Such Grantee shall not be eligible to participate in any further Options. Where the ESOS Committee decides not to allow the Grantee to exercise such Options which is unexercised on the date such Subsidiary is no longer eligible as an eligible Subsidiary, then the Keyfield Shares in respect of such unexercised Options may be re-offered to other Eligible Persons at the discretion of the ESOS Committee.

11.9 In the event of the liquidation of the Company, all unexercised or partially exercised Options shall lapse and cease to be valid and be null and void.

**12. TAKE OVER OFFER, SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC**

12.1 Notwithstanding ESOS By-law 10 and ESOS By-law 21 and subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant regulatory authorities, in the event of:

(a) a take-over offer being made for the Company, under the Capital Markets and Services Act, 2007, Rules on Takeovers, Mergers and Compulsory Acquisitions 2016 and the Malaysian Code on Take-Overs and Mergers 2016 (or any replacement thereof), to acquire the whole of the issued ordinary share capital of the Company (or such part thereof not at the time held by the "person making the take-over ("**Offeror**") or any persons acting in concert with the Offeror) and such offer becoming or being declared unconditional, a Grantee will be entitled within such period to be determined by the ESOS Committee, to exercise all or any part of the Grantee's Options and the Directors of Keyfield shall use their best endeavours to procure that such a general offer be extended to the new Keyfield Shares that may be issued pursuant to the exercise of the Options under these ESOS By-laws; and

(b) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of new Keyfield Shares under the provisions of any applicable statutes, rules and/or regulations and gives notice to the Company that it intends to exercise such right on a specific date ("**Specific Date**"), a Grantee who is holding outstanding exercisable Options will be entitled to exercise all or any part of the Grantee's Options from the date of service of the said notice to the Company until and inclusive of the date on which the right of compulsory acquisition is exercised.

In the foregoing circumstances, if the Grantee fails to exercise his Options or elects to exercise only in respect of a portion of such Keyfield Shares, then any Options to the extent unexercised by the expiry of the periods stipulated in the aforesaid circumstances shall automatically lapse and be null and void.

12.2 In the event the court has sanctioned a compromise or arrangement between the Company and its members for the purpose of, or in connection with, a scheme for reconstruction of the Company or amalgamation with any other company or companies under the provisions of the Act, then the Grantee shall immediately become entitled in the period up to but excluding the date upon which such compromise or arrangement becomes effective, to exercise in whole or in part his Options. All unexercised ESOS Options held by a Grantee shall be automatically terminated on the date upon which such compromise or arrangement becomes effective.



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**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

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**13. RANKING OF THE NEW KEYFIELD SHARES**

The new Keyfield Shares to be allotted and issued upon the exercise of the Options under the ESOS will, upon allotment, issuance and full payment, rank *pari passu* in all respects with the then existing issued share capital of the Company except that the new Keyfield Shares so allotted and issued will not be entitled to any dividends, rights, allotments or other distributions where the entitlement date (namely the date as at the close of business on which shareholders of the Company must be entered in the Record of Depositors maintained with the Depository in order to be entitled to any dividends, rights, allotments or other distributions) precedes the date of allotment of the new Keyfield Shares and will be subject to all the provisions of the Constitution of the Company and Listing Requirements relating to transfer, transmission or otherwise of the Keyfield Shares.

**14. RETENTION/RESTRICTION PERIOD OF KEYFIELD SHARES**

Save for ESOS By-Law 10.8, the new Keyfield Shares allotted and issued to a Grantee pursuant to the exercise of the Options will not be subject to any retention period or restriction on transfer, disposal and/ or assignment. However, the Company encourages Grantees to hold the new Keyfield Shares subscribed for by them for as long as possible although a Grantee or his financier, as the case may be, may sell the new Keyfield Shares subscribed for by the Grantee at any time after such Shares have been credited to the Grantee's or his financier's CDS Account. A Grantee should note that the Shares are intended for him to hold as an investment rather than for immediate realisation to yield a profit.

A Grantee who is a non-executive director of the Keyfield Group must not sell, transfer or assign new Keyfield Shares obtained through the exercise of Options offered to him pursuant to the Scheme within one (1) year from the Date of Offer of such Options.

**15. QUOTATION FOR THE NEW KEYFIELD SHARES**

The new Keyfield Shares (if any) to be allotted and issued to the Grantee pursuant to the exercise of the Options will not be listed or quoted on Bursa Securities, until the Options are exercised in accordance with ESOS By-law 10 whereupon the Company shall, subject to it having obtained the prior written approval of Bursa Securities and/or other relevant authorities, and making applications to Bursa Securities for the listing and quotation for such additional Keyfield Shares on Bursa Securities, use its best endeavour to obtain permission for dealing therein.

**16. OBLIGATION OF COMPANY AS REGARD TO SHARE CAPITAL**

The Company shall during the Option Period keep available sufficient approved new Keyfield Shares in the share capital of the Company to satisfy all outstanding Options granted under the ESOS throughout the duration of the ESOS.

**17. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD**

17.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profit or reserves, rights issue, bonus issue, reduction, subdivision or consolidation of capital or any other variations of capital or howsoever otherwise taking place, the Board shall have the discretion and accordingly assess the practicality of complying with the requirement to cause such corresponding adjustment (if any) to be made to:

**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

- (i) the Subscription Price;
- (ii) the number of new Keyfield Shares comprised in the Options by an Offer or any portion thereof which have not been exercised; and /or
- (iii) the number of new Keyfield Shares and/or Subscription Price comprised in an Offer which is open for acceptance (if such Offer is subsequently accepted in accordance with the terms of the Offer and the ESOS),

and shall be adjusted in accordance with the following formula:

- (a) If and whenever the Company shall make any issue of new Keyfield Shares to ordinary shareholders credited as fully paid, by way of capitalisation of profits or reserves (whether of a capital or income nature), the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A+B}$$

and the additional number of Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = \left[ T \times \frac{A+B}{A} \right] - T$$

where:

- A = the aggregate number of issued and fully paid-up Keyfield Shares immediately before such capitalisation issue;
- B = the aggregate number of Keyfield Shares to be issued pursuant to any allotment to ordinary shareholders credited as fully paid-up by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund); and
- T = existing number of Options held.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for such issue.

- (b) If and whenever the Company shall make:
  - (i) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
  - (ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for Keyfield Shares by way of rights; or
  - (iii) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Keyfield Shares or securities with rights to acquire or subscribe for Keyfield Shares,

**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

then and in respect of each such case, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{C - D}{C}$$

and in respect of the case referred to in ESOS By-law 15.1(b)(ii) hereof, the additional number of Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = \left[ T \times \left[ \frac{C}{C-D^*} \right] \right] - T$$

where:

- T = T in ESOS By-law 15.1(a);
- C = the Current Market Price (as defined in ESOS By-law 17.1(g)) of each Keyfield Share on the Market Day immediately preceding the date on which the Capital Distribution, or as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and
- D = (aa) in the case of an offer or invitation to acquire or subscribe for Keyfield Shares under ESOS By-law 17.1(b)(ii) above or for securities convertible into Keyfield Shares or securities with rights to acquire or subscribe for Keyfield Shares under ESOS By-law 17.1(b)(iii) above, the value of rights attributable to one (1) Keyfield Share (as defined below); or
- (bb) in the case of any other transaction falling within ESOS By-law 17.1(b), the fair market value, as determined (with the concurrence of the Auditors and/or the Adviser), of that portion of the Capital Distribution attributable to one (1) Keyfield Share.

For the purpose of definition (aa) of D above, the "value of rights attributable to one (1) Keyfield Share" shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

where:

- C = C in ESOS By-law 17.1(b);
- E = the subscription price for one (1) additional Keyfield Share under the terms of such offer or invitation or one (1) additional security convertible into Keyfield Shares or one (1) additional security with rights to acquire or subscribe for Keyfield Shares;
- F = the number of Keyfield Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Keyfield Share or security convertible into Keyfield Shares or with right to acquire or subscribe for Keyfield Shares; and
- D\* = the value of the rights attributable to one (1) Keyfield Share (as defined below).

**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

For the purpose of D\* above, the "value of the rights attributable to one (1) Keyfield Share" shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

where:-

C = C in ESOS By-law 17.1(b);

E\* = the subscription price for one (1) additional Keyfield Share under the terms of such offer or invitation to acquire or subscribe for Keyfield Shares; and

F\* = the number of Keyfield Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Keyfield Share.

For the purpose of ESOS By-law 17.1(b) hereof, "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Keyfield Shares (other than an issue falling within ESOS By-law 17.1(a)) or other securities issued by way of capitalisation of profits or reserves (whether of a capital or income nature).

Any dividend charged or provided for in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated profit and loss accounts of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for such issue.

- (c) If and whenever the Company makes any offer or invitation to its ordinary shareholders as provided in ESOS By-law 17.1(a)(ii) or ESOS By-law 17.1(a)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where the Company makes any allotment to its ordinary shareholders as provided in ESOS By-law 17.1(a) above and also makes any offer or invitation to its ordinary shareholders as provided in ESOS By-law 17.1(b)(ii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the additional number of Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = \left[ \frac{T \times (G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

B = B in ESOS By-law 17.1(a);

C = C in ESOS By-law 17.1(b);

**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

- G = the aggregate number of issued and fully paid-up Keyfield Shares on the entitlement date;
- H = the aggregate number of new Keyfield Shares under an offer or invitation to acquire or subscribe for Keyfield Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Keyfield Shares or rights to acquire or subscribe for Keyfield Shares, as the case may be;
- H\* = the aggregate number of new Keyfield Shares under the offer or invitation to acquire or subscribe for Keyfield Shares by way of rights;
- I = the subscription price of one (1) additional Keyfield Share under the offer or invitation to acquire or subscribe for Keyfield Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Keyfield Share, as the case may be;
- I\* = the subscription price of one (1) additional Keyfield Share under the offer or invitation to acquire or subscribe for Keyfield Shares; and
- T = T in ESOS By-law 17.1(a).

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for such issue.

- (d) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Keyfield Shares as provided in ESOS By-law 17.1(b)(ii) together with an offer or invitation to acquire or subscribe for securities convertible into Keyfield Shares or securities with rights to acquire or subscribe for Keyfield Shares as provided in ESOS By-law 17.1(b)(iii) above, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the additional number of Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = \left[ \frac{T \times (G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

- C = C in ESOS By-law 17.1(b);
- G = G in ESOS By-law 17.1(c);
- H = H in ESOS By-law 17.1(c);
- H\* = H\* in ESOS By-law 17.1(c);
- I = I in ESOS By-law 17.1(c);
- I\* = I\* in ESOS By-law 17.1(c);
- J = the aggregate number of Keyfield Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Keyfield Shares by the ordinary shareholders;

**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Keyfield Share; and

T = T in ESOS By-law 17.1(a).

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for the above transaction.

- (e) If and whenever the Company makes an allotment to its ordinary shareholders as provided in ESOS By-law 17.1(a) and also makes an offer or invitation to acquire or subscribe for Keyfield Shares to its ordinary shareholders as provided in ESOS By-law 17.1(b)(ii) above together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Keyfield Shares as provided in ESOS By-law 17.1(b)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the additional number of Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = T \times \frac{[(G + H^* + B) \times C]}{[(G \times C) + (H^* \times I^*)]} - T$$

where:

B = B in ESOS By-law 17.1(a);

C = C in ESOS By-law 17.1(b);

G = G in ESOS By-law 17.1(c);

H = H in ESOS By-law 17.1(c);

H\* = H\* in ESOS By-law 17.1(c);

I = I in ESOS By-law 17.1(c);

I\* = I\* in ESOS By-law 17.1(c);

J = J in ESOS By-law 17.1(d);

K = K in ESOS By-law 17.1(d); and

T = T in ESOS By-law 17.1(a).

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for the above transaction.

**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

- (f) If and whenever consolidation or subdivision or conversion of Shares occurs, the Subscription Price shall be adjusted in the following manner:
- (i) the Subscription Price shall be adjusted by multiplying it by the aggregate number of issued and fully-paid up Shares immediately before such consolidation or subdivision or conversion and dividing the aggregate number of issued and fully paid-up Shares immediately after such consolidation or subdivision or conversion

$$\frac{L \times M}{N}$$

- (ii) the number of Options shall be adjusted by multiplying the aggregate number of issued and fully paid-up Shares immediately after such consolidation or subdivision or conversion and dividing the aggregate number of issued and fully-paid up Shares immediately before such consolidation or subdivision or conversion

$$\frac{N \times O}{L}$$

where:

- L = the aggregate number of Keyfield Shares issued and fully paid-up immediately before such consolidation or subdivision or conversion;
- M = existing Subscription Price
- N = the aggregate number of Keyfield Shares immediately after such consolidation or subdivision or conversion.
- O = existing number of Options.

Such adjustments will be effective from the close of the Market Day immediately preceding the date on which the consolidation or subdivision or conversion becomes effective or such other date as may be prescribed by Bursa Securities.

- (g) For the purposes of ESOS By-laws 17.1(b), (c), (d) and (e) above, the "Current Market Price" in relation to one (1) Keyfield Share for any relevant day shall be the average of the last dealt prices for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by Bursa Securities.

Such adjustments must be confirmed in writing either by the Auditors or the Adviser for the time being (acting as experts and not as arbitrators), upon reference to them by the ESOS Committee, to be in their opinion, fair and reasonable, PROVIDED ALWAYS THAT:

- (a) Any adjustment to the Subscription Price shall be rounded up to the nearest one (1) cent;
- (b) In the event that a fraction of a new Keyfield Share arising from the adjustment referred to in this ESOS By-law would otherwise be required to be issued upon the exercise of the Options by the Grantee, the Grantee's entitlement shall be rounded down to the nearest whole number;
- (c) Upon any adjustment being made pursuant to this ESOS By-law, the ESOS Committee shall, within thirty (30) Calendar Days of the effective date of the alteration in the capital structure of the Company, notify the Grantee (or his legal representatives where applicable) in writing informing him of the adjusted Subscription Price thereafter in effect and/or the revised number of new Keyfield Shares thereafter to be issued on the exercise of the Options; and

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**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

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- (d) Any adjustments made must be in compliance with the provisions for adjustment as provided in this ESOS By-law.

Nevertheless, any adjustments to the Subscription Price and/or the number of new Keyfield Shares comprised in the Options so far as unexercised arising from bonus issues, subdivision or consolidation of shares, need not be confirmed in writing by the Auditors or the Adviser (as the case may be) of the Company.

- 17.2 Save as expressly provided for herein, the Auditors or Adviser (as the case may be) must confirm in writing that the adjustments are in their opinion fair and reasonable and, in the absence of manifest error, their decisions shall be conclusive and binding on all person having an interest in the Options.
- 17.3 The adjustment pursuant to this ESOS By-law shall be effective on the Market Day immediately following the entitlement date for the event giving rise to the adjustment.
- 17.4 No adjustments shall be made to the Subscription Price and/or the number of Keyfield Shares comprised in the Options or any portion thereof that is unexercised when the alteration in the capital structure of the Company arises from:
- (a) an issue of new Keyfield Shares or other securities convertible into Keyfield Shares or with rights to acquire or subscribe for Keyfield Shares in consideration or part consideration for an acquisition of any other securities, assets or business; or
  - (b) a special issue of new Keyfield Shares or other securities to Bumiputera investors nominated by the Ministry of International Trade and Industry and/or any other government authority to comply with Malaysian Government's policy on Bumiputera capital participation; or
  - (c) a private placement or restricted issue of new Keyfield Shares by the Company; or
  - (d) an issue of new Keyfield Shares arising from the exercise of any conversion rights in respect of any securities convertible into new Keyfield Shares including but not limited to warrants and convertible loan stocks; or
  - (e) an issue of new Keyfield Shares upon the exercise of Options granted under the ESOS; or
  - (f) a purchase by the Company of its own Keyfield Shares pursuant to Section 127 of the Act.
- 17.5 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to the Act, ESOS By-law 17.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which ESOS By-law 17.1 is applicable, but ESOS By-law 17.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which ESOS By-law 17.4 is applicable.
- 17.6 Notwithstanding the provision referred to in this ESOS By-law 17, in any circumstances where the Board consider that any adjustment to the Subscription Price and/or the number of Keyfield Shares comprised in the Options or any portion thereof that is unexercised under the said provision should be adjusted or calculated on a different basis or date or should take effect on a different date or that an adjustment to the Subscription Price and/or the number of Keyfield Shares comprised in the Options or any portion thereof should be made notwithstanding that no such adjustment is required under the said provisions, the Company may but it is not obliged to appoint an Adviser and/or the Auditors to consider for any reason whatsoever the adjustment to



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**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

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be made (or the absence of any adjustment) or the adjustment to be made in accordance with the provisions of this ESOS By-law 17 is appropriate or inappropriate, as the case may be and if such Adviser and/or the Auditors shall consider the adjustment to be inappropriate, that adjustment shall be modified or nullified (or an adjustment made even though not required to be made) in such manner as shall be considered by such Adviser and/or the Auditors to be in its opinion appropriate.

- 17.7 The decision of the Board as to whether any adjustment shall be made or not made to the Subscription Price and and/or the number of Keyfield Shares comprised in the Options or any portion thereof pursuant to this ESOS By-law 17 shall be binding, final and conclusive.

**18. ADMINISTRATION OF THE SCHEME**

The ESOS shall be administered by the ESOS Committee appointed by the Board. The Board shall have the discretion as it deems fit from time to time to approve, rescind and/or revoke the appointment of any person(s) in the ESOS Committee. The ESOS Committee shall be vested with such powers and duties as are conferred upon it by the Board. The ESOS Committee may for the purpose of administering the ESOS do all acts and things and enter into any transaction, agreement, deed, document or arrangement, and make rules, regulations or impose terms and conditions or delegate part of its powers relating to the ESOS, which the ESOS Committee may in its discretion consider to be necessary or desirable to give full effect to the ESOS and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interest of the Company. The ESOS Committee shall comprise representative(s) from the Board and other persons appointed from time to time by the Board.

**19. AMENDMENT AND/OR MODIFICATION TO THE SCHEME**

- 19.1 Subject to ESOS By-law 19.2, ESOS By-law 19.3 and By-law 25, the ESOS Committee may at any time and from time to time recommend to the Board any additions and amendments to or deletions of these ESOS By-laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these ESOS By-laws upon such recommendation subject to the Company submitting a letter of compliance to Bursa Securities each time an amendment is made, that the said amendment to the ESOS By-laws is in compliance with the provisions of the Listing Requirements pertaining to employee share option schemes and Depository Rules pursuant to Paragraph 2.12 of the Listing Requirements.
- 19.2 Subject to ESOS By-law 19.3 and By-law 25, the approval of the shareholders of the Company in general meeting shall not be required in respect of additions or amendments to or deletions of these ESOS By-laws PROVIDED THAT no additions, amendments or deletions shall be made to these ESOS By-laws which would:
- (a) prejudice any rights which would have accrued to any Grantee without his prior consent; or
  - (b) prejudice any rights of the shareholders of the Company without the prior approval of the Company's shareholders in a general meeting; or
  - (c) increase the number of Keyfield Shares available under the ESOS beyond the maximum imposed by ESOS By-law 4.1; or
  - (d) provide an advantage to any Grantee or group of Grantees or all Grantees.

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**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

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- 19.3 For the purposes of complying with the provisions of the Listing Requirements, ESOS By-laws 4.1, 5.1, 6.1, 8.2, 9, 10.1, 10.8, 12, 13, 17, 20, 21.3 and this ESOS By-law 19.3 respectively shall not be amended or altered in any way whatsoever for the advantage of Eligible Persons without the prior approval of shareholders in general meeting.

**20. LIQUIDATION OF THE COMPANY**

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of this ESOS By-law 20). Each Grantee (or his or her legal personal representative(s)) shall thereupon be entitled to exercise all or any of his Options at any time not later than two (2) business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

In the event that any order is made or a special resolution is passed for the liquidation of the Company, all unexercised or partially exercised Options shall automatically lapse and shall be null and void and have no further effect.

**21. DURATION OF THE SCHEME**

- 21.1 The Effective Date for the implementation of the ESOS shall be at the date of full compliance with all relevant requirements in the Listing Requirements including the following:
- (a) submission of the final copy of the ESOS By-laws to Bursa Securities together with a letter of compliance pursuant to Paragraph 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
  - (b) receipt of approval or approval-in-principle, as the case may be from Bursa Securities for the listing and quotation of the new Keyfield Shares to be issued pursuant to the exercise of Options granted under the ESOS;
  - (c) procurement of shareholders' approval for the ESOS;
  - (d) receipt of approval of any other relevant authorities (where applicable); and
  - (e) fulfilment of all conditions attached to the above approvals (if any).
- 21.2 The Adviser of the Company shall submit a confirmation letter to Bursa Securities of full compliance with the relevant requirements of the Listing Requirements stating the Effective Date together with a certified true copy of a resolution passed by the shareholders of the Company in general meeting. The confirmation letter shall be submitted to Bursa Securities no later than five (5) Market Days after the Effective Date.

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**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

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- 21.3 Subject to ESOS By-law 25, the ESOS shall be in force for a period of five (5) years from the Effective Date and may be extended for a further period of up to five (5) years, at the sole and absolute discretion of the Board upon the recommendation by the ESOS Committee, provided always that the initial ESOS period stipulated above and such extension of the ESOS made pursuant to these ESOS By-laws shall not in aggregate exceed a duration of ten (10) years from the Effective Date ("**Date of Expiry**").

For the avoidance of doubt, no further sanction, approval or authorisation of the shareholders of the Company in a general meeting is required for any such extension and the Company shall serve appropriate notices on each Grantee and/or make any necessary announcements to any parties and/ or Bursa Securities (if required).

- 21.4 In the event the Board elects to extend the ESOS for a further period of up to five (5) years as provided in By-law 21.3. The Board may resolve to extend the ESOS on or before the fifth (5<sup>th</sup>) anniversary of the Effective Date.
- 21.5 Notwithstanding anything to the contrary, all unexercised Options shall lapse on the Date of Expiry.

**22. COSTS AND EXPENSES OF THE SCHEME**

All fees and costs incurred in relation to the ESOS including but not limited to the fees, costs and expenses relating to the issue and allotment of the new Keyfield Shares pursuant to the exercise of any Options, shall be borne by the Company save and except for any tax (including income tax), if any, arising from the Offer and/or exercise of any Options under the ESOS.

**23. DISPUTES/DIFFERENCES**

In case any dispute or difference shall arise between the ESOS Committee and an Eligible Person or a Grantee, as the case may be, as to any matter of any nature arising under the ESOS, the ESOS Committee shall determine such dispute or difference by a written decision (without any obligation to give any reason thereof) given to the Eligible Person or Grantee, as the case may be. The said decision shall be final and binding on the parties.

**24. DIVESTMENT FROM AND TRANSFER TO/FROM THE KEYFIELD GROUP**

- 24.1 If the Grantee who was in the employment of a company in the Keyfield Group which was subsequently divested from the Keyfield Group resulting in that company ceasing to be a Subsidiary, unless approved by the ESOS Committee in writing, the Options unexercised on the date of such company ceasing to be a Subsidiary, shall be null and void and be of no effect. Such Grantee shall not be eligible to participate for further Option(s) under the ESOS.
- 24.2 In the event that the Grantee is transferred from the Keyfield Group to any associated companies of the Keyfield Group (which definition shall be that which is adopted by the Malaysian Accounting Standard Board) or to any related companies (as defined in Section 5 of the Act which provides that where a corporation (a) is the holding company of another corporation; (b) is a subsidiary of another corporation; or (c) is a subsidiary of the holding company of another corporation, that corporation and that other corporation shall for the purposes of this Act be deemed to be related to each other) of the Company which have an existing share option scheme in which the Grantee will be entitled to participate, unless approved by the ESOS Committee in writing, the Options held by such Grantee unexercised on the date of transfer shall be null and void and be of no effect.

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**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

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24.3 In the event that:

- (a) an employee who was employed in a company which is related to the Company pursuant to Section 5 of the Act (that is to say, a company which does not fall within the definition of "Keyfield Group") and is subsequently transferred from such company to any company within the Keyfield Group; or
- (b) an employee who was in the employment of a company which subsequently becomes a company within the Keyfield Group as a result of a restructuring or acquisition exercise or otherwise involving the Company and/or any company within the Keyfield Group with any of the first mentioned company stated in (a) above;

(the first abovementioned company in (a) and (b) herein referred to as the "**Previous Company**"), such an employee of the Previous Company will be eligible to participate in this ESOS for its remaining Option Period, if the affected employee becomes a "Eligible Person" within the meaning under these ESOS By-laws.

For the avoidance of doubt, in the event of any acquisition or incorporation of any company into the Keyfield Group pursuant to part (b) above as a Subsidiary or any other statutory regulation in place thereof during the tenure of the ESOS, the ESOS shall apply to the employees of such company on the date such company becomes a Subsidiary of the Company (provided that such Subsidiary is not dormant) falling within the meaning of the expression of "Eligible Person" under ESOS By-law 1 and the provisions of the ESOS By-laws shall apply.

**25. TERMINATION OF THE SCHEME**

25.1 Subject to compliance with the requirements of Bursa Securities and any other relevant authorities, the Company may terminate the continuation of this ESOS and no further Offers shall be made by the ESOS Committee. For the avoidance of doubt, this By-law 25 shall prevail over the requirements under By-law 19.

All Offers outstanding but not yet accepted by the Eligible Person at the date of the said resolution shall automatically lapse or cease to have effect as at the date of the resolution and the Options yet to be exercised shall automatically lapse or cease to have any effect from the date on which the last of the conditions stipulated in ESOS By-law 25 is fulfilled. The ESOS shall be deemed terminated at the date on which the last of the conditions stipulated in ESOS By-law 25 is fulfilled.

25.2 In the event the Company terminates this ESOS in accordance with the Listing Requirements and these By-laws, the Company must immediately announce on Bursa Securities:

- (a) the effective date of termination;
- (b) the number of Options exercised or the Keyfield Shares vested; and
- (c) the reasons for termination.

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**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

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**26. DISCLAIMER OF LIABILITY**

No Employee shall be entitled to any compensation for damages arising from the termination of any ESOS Options or this ESOS pursuant to the provisions of these By-laws. Notwithstanding any provision of these By-laws:

- (a) this ESOS does not form any part of or constitute nor in any way be construed as a term and condition of employment of any Eligible Person. This ESOS shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment in the Keyfield Group under which the Eligible Person is employed nor any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment;
- (b) this ESOS shall not confer on any person or any legal or equitable right or other rights under any other theory of law (other than those constituting the ESOS Options) against the Company or any company of the Group, directly or indirectly, or give rise to any course of action in law or in equity or under any other theory of law against any company within the Group;
- (c) no Grantee or his representatives shall bring any claim, action or proceeding against any company of the Group, the ESOS Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension/cancellation of his rights/exercise of his ESOS Options or his rights in Options ceasing to be valid pursuant to the provisions of these By-laws; and
- (d) the ESOS Committee or any other party shall in no event be liable to the Grantee or his representative or any other person or entity for any third party claim, loss of profits, loss of opportunity, loss of savings or any punitive, incidental or consequential damage, including without limitation to lost profits or savings, directly or indirectly arising from the breach or performance of these By-laws or any loss suffered by reason of any change in the price of the Shares or from any other cause whatsoever whether known or unknown, contingent, absolute or otherwise, whether based in contract, tort, equity, indemnity, breach of warranty or otherwise and whether pursuant to common law, statute, equity or otherwise, even if any company of the Group, the ESOS Committee or any other party has been advised of the possibility of such damage.

**27. RIGHTS OF GRANTEES**

- 27.1 The Options shall not carry any right to attend and vote at any general meeting of the Company. The Grantee shall not in any event be entitled to any dividends, rights or other entitlement on his unexercised Options.
- 27.2 Subject to the Constitution, all Grantees are entitled to inspect the latest audited financial statements of the Company during the normal business hours on any working day at the registered office of the Company in Malaysia.

**28. CONSTITUTION**

Notwithstanding the terms and conditions contained herein, if a situation of conflict should arise between the ESOS By-laws and the Constitution, the provisions of the Constitution shall at all times prevail save and except where such provision of the By-laws are included pursuant to the Listing Requirements.

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**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

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**29. NOTICE**

29.1 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Person or the Grantee pursuant to the ESOS shall be in writing and shall be deemed to be sufficiently given:

- (a) if it is sent by ordinary post by the Company to the Eligible Person or the Grantee at the last address known to the Company as being his address, such notice or request shall be deemed to have been received three (3) Market Days after posting;
- (b) if it is delivered by hand to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received on the date of delivery; and
- (c) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received upon confirmation or notification received after the sending of notice or request by the Company.

Any change of address of the Eligible Person or the Grantee shall be communicated in writing to the Company.

29.2 Where any notice which the Company or the ESOS Committee is required to give, or may desire to give, in relation to matters which may affect all the Eligible Persons or the Grantee (as the case may be) pursuant to the ESOS, the Company or the ESOS Committee may give such notice through an announcement to all employees of the Group to be made in such manner deemed appropriate by the ESOS Committee (including via electronic media).

**30. GOVERNING LAW AND JURISDICTION**

30.1 The ESOS and these ESOS By-laws and all Options granted hereunder shall be governed by and construed in accordance with the laws of Malaysia and the Eligible Person and/or Grantee shall submit to the exclusive jurisdictions of the Courts of Malaysia in all matters connected with the obligations and liabilities of the parties hereto under or arising out of this ESOS By-laws.

30.2 Any proceeding or action shall be instituted or taken in Malaysia and the Eligible Person and/or Grantee irrevocably and unconditionally waives any objection on the ground of venue or forum non conveniens or any other grounds.

**31. SUBSEQUENT AND ADDITIONAL SCHEMES**

Subject to the approval of Bursa Securities, any other relevant authorities or prevailing guidelines applicable, the Company may establish a new share option scheme after the expiry date of this ESOS if this ESOS is not extended or upon termination of this ESOS (in accordance with ESOS By-law 25). A new ESOS may only be established after the expiry of the extended ESOS (should this ESOS is being extended in accordance with ESOS By-law 21 of these ESOS By-laws).

If the Company so wishes, it may implement more than one (1) share issuance scheme provided that the aggregate number of shares available under all the schemes do not breach the limit set out in By-law 4.1 and/or the prevailing Listing Requirements.

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**ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)**

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**32. TAXES**

All taxes, including but not limited to income tax, if any, arising from the exercise of any Options under this ESOS shall be borne by the Grantee.

**33. SEVERABILITY**

Any term, condition, stipulation or provision in these By-laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.

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