PERDANA PETROLEUM BERHAD

Company No. 372113-A
(Incorporated in Malaysia)

Interim Report for the Quarter Ended 30 September 2017

PERDANA PETROLEUM BERHAD
(Company No. 372113 - A)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

	Current Quarter Ended 30-Sep-17 RM'000	Corresponding Quarter Ended 30-Sep-16 RM'000	Current Period-to-date Ended 30-Sep-17 RM'000	Corresponding Period-to-date Ended 30-Sep-16 RM'000
Revenue	49,754	52,952	113,860	144,341
Cost of Sales	(38,841)	(40,386)	(117,487)	(113,209)
Gross Profit/(Loss)	10,913	12,566	(3,627)	31,132
Other income	1,589	16,100	3,166	43,288
Administrative expenses	(1,884)	(6,063)	(6,559)	(12,666)
Other expenses	(9,516)	(295)	(84,824)	(38,702)
Results from operating activities	1,102	22,308	(91,844)	23,052
Finance costs	(14,815)	(15,621)	(45,295)	(47,685)
(Loss)/Profit before taxation	(13,713)	6,687	(137,139)	(24,633)
Taxation	(5,140)	(448)	(5,261)	(7,835)
(Loss)/Profit for the period	(18,853)	6,239	(142,400)	(32,468)
Other comprehensive (expenses)/income				
Foreign currency translation	*(9,806)*	*18,980*	*(39,247)*	*(24,215)*
Cash flow hedge	*5*	*159*	*25*	*(88)*
Total Comprehensive (Expenses)/Income for the period attributable to Owners of the Company	*(28,654)*	*25,378*	*(181,622)*	*(56,771)*
(Loss)/Profit for the period				
Attributable to:				
Equity holders of the Company	(18,853)	6,239	(142,399)	(32,467)
Non-controlling interest	-	-	(1)	(1)
	(18,853)	6,239	(142,400)	(32,468)
Total Comprehensive (Expenses)/Income for the period				
Attributable to:				
Equity holders of the Company	*(28,655)*	*25,379*	*(181,622)*	*(56,771)*
Non-controlling interest	*1*	*(1)*	*-*	*-*
	(28,654)	*25,378*	*(181,622)*	*(56,771)*
(Loss)/Earnings per share (Sen)				
a) Basic	(2.42)	0.80	(18.29)	(4.17)
b) Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjuction with the audited financial statements of the Group for the financial year ended 31 December 2016)

PERDANA PETROLEUM BERHAD

(Company No. 372113 - A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) 30-Sep-17 RM'000	(Audited) 31-Dec-16 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,326,992	1,529,235
Intangible assets	10,724	10,724
Refundable deposits	46,847	48,809
Deferred tax assets	15,143	15,143
Derivative asset	215	190
	1,399,921	1,604,101
CURRENT ASSETS		
Inventories	2,997	1,368
Trade receivables - external parties	9,715	17,501
Trade receivables - related company	1,099	1,482
Other receivables, deposits and prepayments	10,680	10,990
Current tax assets	3,542	6,205
Cash and cash equivalents	64,495	74,295
	92,528	111,841
Non-current asset classified as held for sale	1,423	-
	93,951	111,841
TOTAL ASSETS	1,493,872	1,715,942
EQUITY AND LIABILITIES		
EQUITY		
Share capital	412,854	389,235
Reserves	148,951	354,192
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	561,805	743,427
NON-CONTROLLING INTEREST	136	136
TOTAL EQUITY	561,941	743,563
NON-CURRENT LIABILITIES		
Loans and borrowings	586,856	693,089
Deferred tax liabilities	3,137	3,202
	589,993	696,291
CURRENT LIABILITIES		
Loans and borrowings	168,895	202,830
Trade payables - external parties	6,921	11,433
Trade payables - related company	1,494	3,320
Other payables - external parties	48,065	38,957
Other payables - related company	116,563	19,488
Current tax liabilities	-	60
	341,938	276,088
TOTAL LIABILITIES	931,931	972,379
TOTAL EQUITY AND LIABILITIES	1,493,872	1,715,942
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)	0.72	0.95

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016)

PERDANA PETROLEUM BERHAD

(Company No. 372113 - A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) Period Ended 30-Sep-17 RM'000	(Audited) Year Ended 31-Dec-16 RM'000
Cash flows from operating activities		
Loss before taxation	(137,139)	(35,948)
Adjustments for:		
Impairment loss on property, plant and equipment	50,382	5,769
Impairment loss on receivables	1,443	37,695
Bad debts written off	-	39
Depreciation of property, plant and equipment	67,510	87,668
Interest expense	45,295	62,717
Interest income	(2,044)	(2,203)
Gain on settlement of refundable deposit	-	(1,065)
Unrealised loss/(gain) on foreign exchange	30,374	(75,615)
Operating profit before changes in working capital	55,821	79,057
Changes in working capital:		
Inventories	(1,629)	(37)
Trade and other receivables	9,421	17,373
Trade and other payables	66,589	95,087
Cash generated from operations	130,202	191,480
Income tax paid	(2,630)	(9,683)
Net cash from operating activities	127,572	181,797
Cash flows for investing activities		
Interest received	1,174	2,203
Refundable deposits refunded	-	25,653
Purchase of property, plant and equipment	(416)	(352)
Withdrawal/(Placement) of fixed deposits pledged	11,902	(37,982)
Net cash from/(used in) investing activities	12,660	(10,478)

PERDANA PETROLEUM BERHAD

(Company No. 372113 - A)

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) Period Ended 30-Sep-17 RM'000	(Audited) Year Ended 31-Dec-16 RM'000
Cash flows from financing activities		
Drawdown of Sukuk bonds	-	635,000
Repayment of Sukuk bonds	(90,000)	-
Repayment of term loans	(24,130)	(578,664)
Repayment of revolving credit	(9,000)	(2,000)
Repayment of finance lease liability obligations	(9,448)	(163,701)
Interest paid	(19,057)	(34,376)
Coupon paid	(14,842)	(14,883)
Net cash used in financing activities	(166,477)	(158,624)
Net (decrease)/increase in cash and cash equivalents	(26,245)	12,695
Effect of exchange rate movements	28,347	(23,079)
Cash and cash equivalents at the beginning of the financial period/year	16,367	26,751
Cash and cash equivalents at the end of the financial period/year	18,469	16,367
Cash and cash equivalents		
Deposits placed with licensed banks	53,410	67,548
Cash on hand and at bank	11,085	6,747
	64,495	74,295
Less: Deposits pledged as security	(46,026)	(57,928)
	18,469	16,367

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016)

PERDANA PETROLEUM BERHAD
(Company No. 372113 - A)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	[-------------------------------- *Non-distributable*				--------------------------------]	*Distributable*			
	Share Capital RM'000	**Share Premium RM'000**	**Cash Flow Hedge Reserve RM'000**	**Other Capital Reserve RM'000**	**Translation Reserve RM'000**	**Retained Profits RM'000**	**Total RM'000**	**Non-Controlling Interest RM'000**	**Total Equity RM'000**
Financial period ended 30 September 2017 (Unaudited)									
As at 1 January 2017	389,235	21,984	190	1,635	137,971	192,412	743,427	136	743,563
Total comprehensive (expenses)/income for the period	-	-	25	-	(39,248)	(142,399)	(181,622)	-	(181,622)
Transfer (Note 7)	23,619	(21,984)	-	(1,635)	-	-	-	-	-
Balance as at 30 September 2017	412,854	-	215	-	98,723	50,013	561,805	136	561,941
Financial year ended 31 December 2016 (Audited)									
As at 1 January 2016	389,235	21,984	(77)	1,635	111,171	220,452	744,400	143	744,543
Total comprehensive income/(expenses) for the year	-	-	267	-	26,800	(28,040)	(973)	(7)	(980)
Balance as at 31 December 2016	389,235	21,984	190	1,635	137,971	192,412	743,427	136	743,563

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016)

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2016.

2. Changes in Accounting Policies

2.1 Adoption of Accounting Standards, Amendments and Interpretations

The significant accounting policies adopted in the preparation of these interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2016, except for the adoption of the following Accounting Standards, Amendments and Interpretations from 1 January 2017:

MFRS / Amendments / Interpretations	Effective Date
Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014 – 2016 Cycle)*	1 January 2017
Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*	1 January 2017
Amendments to MFRS 112, *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017

The adoption of the above Accounting Standards, Amendments and Interpretations does not have a material impact on the financial statements of the Group.

2.2 Accounting Standards, Amendments and Interpretations issued but not yet effective

MFRS / Amendments / Interpretations	Effective Date
MFRS 9, *Financial Instruments (2014)*	1 January 2018
MFRS 15, *Revenue from Contracts with Customers*	1 January 2018
Clarifications to MFRS 15, *Revenue from Contracts with Customers*	1 January 2018
IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*	1 January 2018

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

2. Changes in Accounting Policies (Cont'd)

2.2 Accounting Standards, Amendments and Interpretations issued but not yet effective (Cont'd)

MFRS / Amendments / Interpretations	Effective Date
Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014 – 2016 Cycle)*	1 January 2018
Amendments to MFRS 2, *Share-based payment - Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to MFRS 4, *Insurance Contracts - Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*	1 January 2018
Amendments to MFRS 128, *Investments in Associates and Joint Venture (Annual Improvements to MFRS Standards 2014-2016 Cycle)*	1 January 2018
Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*	1 January 2018
IC Interpretation 23, *Uncertainty over Income Tax Treatments*	1 January 2019
MFRS 16, *Leases*	1 January 2019
MFRS 17, *Insurance Contracts*	1 January 2021
Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

The Group plans to apply:

- from the annual period beginning on 1 January 2018, those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018, except for Amendments to MFRS 2, Amendments to MFRS 4, Amendments to MFRS 128 and Amendments to MFRS 140, which are assessed as presently not applicable to the Group.

- from the annual period beginning on 1 January 2019 for MFRS 16 and IC Interpretation 23 that are effective for annual periods beginning on or after 1 January 2019.

- from the annual period beginning on 1 January 2021 for MFRS 17, which is assessed as presently not applicable to the Company.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

2. Changes in Accounting Policies (Cont'd)

2.2 Accounting Standards, Amendments and Interpretations issued but not yet effective (Cont'd)

The initial application of the above accounting standards, amendments or interpretations is not expected to have any material financial impacts on the financial statements of the Group for the current and prior periods except as mentioned below:

(i) MFRS 15, *Revenue from Contracts with Customers and Clarifications to MFRS 15, Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue Barter Transactions Involving Advertising Services.*

(ii) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

(iii) MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 15, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transaction Involving the Legal Form of a Lease.*

The adoption of MFRS 15, MFRS 9 and MFRS 16 will result in a change in accounting policies. The Group is currently assessing the financial impact that may arise from the adoption of these accounting standards.

3. Qualification of Financial Statements

There was no qualification on the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

4. Seasonal or Cyclical Factors

Seasonality due to weather is not foreseen to materially affect the Group's vessel chartering operations. However, due to its synergistic tie-up with Dayang, about half of the Group's vessel fleet hired out has been chartered to Dayang and the latter's offshore topside maintenance operations are normally affected by bad weather at the beginning and the end of the year. This factor has been taken into consideration in the Group's annual business plan.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, or cash flows during the current quarter and financial period to-date, except for the other expenses and other comprehensive expenses arising from realised/unrealised foreign exchange loss and foreign currency translation of investment in Labuan subsidiaries denominated in US Dollars, a reclassification of a leasehold building from non-current asset to current asset resulting from a subsequent sale of the leasehold building, an additional allowance for impairment loss on property, plant and equipment (“PPE”), as well as an impairment loss on receivables that have been provided for.

During the current quarter and financial period to-date, the other expenses comprise unrealized foreign exchange loss of RM8.2 million and RM30.4 million respectively and realized foreign exchange gain of RM0.3 million and realized foreign exchange loss of RM2.1 million respectively whereas the other comprehensive expenses include foreign currency translation losses of RM9.8 million and RM39.2 million respectively.

During the financial period to-date, a leasehold building is reclassified from property, plant and equipment to non-current asset classified as held for sale due to the change in nature of the said leasehold building. On 22 May 2017, the Group entered into a Sale and Purchase Agreement with an individual third party (“Purchaser’) to sell a piece of leasehold land together with a four-storey shop-office (“Property”) located at Kuala Lumpur, Malaysia. The Group has on 13 July 2017 obtained the State Authority’s approval to transfer the Property to the Purchaser. The sale transaction of the Property is completed in October 2017.

In addition, the Group has made an additional allowance of USD11.7 million (equivalent to RM50.4 million) for impairment loss on PPE (see Note 10) and RM1.4 million for impairment loss on receivables as well as an additional tax expense of RM2.8 million arising from finalization of prior year’s tax computation (see Note 20) during the financial period to-date.

6. Material Changes in Estimates

There were no material changes in the estimates of amounts reported in the current quarter and financial period to-date.

7. Issuance and Repayment of Debts and Equity Securities

There have been no cancellation, repurchase, resale and repayment of debts and equity securities in the current quarter and financial period to-date.

In accordance with Section 618 of the Companies Act, 2016, any amount standing to the credit of the share premium account and the capital redemption reserve (other capital reserve) has become part of the Company’s share capital.

8. Dividends Paid

No dividend has been declared or paid for the financial year ended 31 December 2016.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

9. Segmental Information

9.1. Segment Results

Current Quarter Ended 30 Sep 2017	Marine Offshore Support Services RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
Revenue				
External revenue	49,754	-	-	49,754
Inter-segment revenue	82,266	494	(82,760)	-
	132,020	494	(82,760)	49,754
Results				
Segment results before finance costs	12,598	8,498	(19,994)	1,102
Finance costs	(11,354)	(10,749)	7,288	(14,815)
Loss before taxation	1,244	(2,251)	(12,706)	(13,713)

Corresponding Quarter Ended 30 Sep 2016	Marine Offshore Support Services RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
Revenue				
External revenue	52,952	-	-	52,952
Inter-segment revenue	83,867	584	(84,451)	-
	136,819	584	(84,451)	52,952
Results				
Segment results before finance costs	2,244	8,341	11,723	22,308
Finance costs	(11,668)	(11,240)	7,287	(15,621)
Profit before taxation	(9,424)	(2,899)	19,010	6,687

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

9. Segmental Information (Cont'd)

9.1. Segment Results (Cont'd)

Current Period-to-date Ended 30 Sep 2017	Marine Offshore Support Services RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
Revenue				
External revenue	113,860	-	-	113,860
Inter-segment revenue	234,559	1,482	(236,041)	-
	348,419	1,482	(236,041)	113,860
Results				
Segment results before finance costs	(58,395)	23,244	(56,693)	(91,844)
Finance costs	(34,707)	(32,450)	21,862	(45,295)
Profit before taxation	(93,102)	(9,206)	(34,831)	(137,139)

Corresponding Period-to-date Ended 30 Sep 2016	Marine Offshore Support Services RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
Revenue				
External revenue	144,341	-	-	144,341
Inter-segment revenue	246,539	1,750	(248,289)	-
	390,880	1,750	(248,289)	144,341
Results				
Segment results before finance costs	14,751	(14,410)	22,711	23,052
Finance costs	(41,466)	(18,977)	12,758	(47,685)
Profit before taxation	(26,715)	(33,387)	35,469	(24,633)

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

9. Segmental Information (Cont'd)

9.2. Segment Assets and Liabilities

As at 30 Sep 2017	Marine Offshore Support Services RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
Segment assets	1,462,802	1,014,259	(1,001,874)	1,475,187
Deferred tax asset	15,097	46	-	15,143
Current tax assets	1,200	2,342	-	3,542
Total assets	1,479,099	1,016,647	(1,001,874)	1,493,872
Segment liabilities	723,727	664,161	(459,094)	928,794
Deferred tax liabilities	3,137	-	-	3,137
Total liabilities	726,864	664,161	(459,094)	931,931

As at 30 Sep 2016	Marine Offshore Support Services RM'000	Investment Holding RM'000	Elimination RM'000	Group RM'000
Segment assets	1,705,490	1,100,237	(1,156,537)	1,649,190
Deferred tax asset	-	46	-	46
Current tax assets	857	3,075	-	3,932
Total assets	1,706,347	1,103,358	(1,156,537)	1,653,168
Segment liabilities	904,833	660,899	(604,548)	961,184
Deferred tax liabilities	4,212	-	-	4,212
Total liabilities	909,045	660,899	(604,548)	965,396

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Valuation of Property, Plant and Equipment ("PPE")

The Group reassessed its assets (except for inventories, deferred tax assets and financial assets) as at 30 September 2017 to determine whether there is any indication of further impairment to the assets or if there is any reversal of impairment previously provided.

The Group has adopted value-in-use ("VIU") estimations for the reassessment which entail discounting the estimated future cash flows from the continuing use of PPE. The recoverable amounts were compared against the carrying amounts of the PPE.

For the current financial quarter ended 30 September 2017, there were no further allowance for impairment loss nor reversal of impairment loss on PPE. The Group's accumulated impairment losses has been increased from USD7.7 million (equivalent to RM33.8 million) as at 31 December 2016 to USD19.4 million (equivalent to RM84.2 million) as at 30 September 2017, taking into account, *inter alia*, the loss on disposal of a vessel subsequent to the period end.

11. Material Events Subsequent to the Reporting Period

There were no material events subsequent to the current financial quarter ended 30 September 2017 up to the date of this report which is likely to substantially affect the financial results of the Group.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter ended 30 September 2017.

13. Contingent Liabilities

The following are the contingent liabilities outstanding as at 30 September 2017:

	As at 30-Sep-17	
	Group RM'000	**Company RM'000**
Unsecured:-		
Bank guarantee granted to third parties for the benefit of a subsidiary	4,800	4,800
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	-	231,966
	4,800	236,766

13. Contingent Liabilities (Cont'd)

Further to the conclusion of the tax audit as disclosed in Note 20 to the audited financial statements for the year ended 31 December 2016, the Inland Revenue Board ("IRB") has requested the Group to revise its tax computations for YA2011 and subsequent years. The Group engaged a tax consultant to assist in the matter and assess the tax impacts thereof. In February 2017, the Group responded to the IRB that it disagreed with applying the same computation method used for the earlier tax audit exercise based on reasonable technical grounds. The Group may need to provide for additional tax payable, if any, arising from any revision of the tax computations for YA2011 and subsequent years, the outcome of which cannot be ascertained at this present stage. As at the latest practicable date 14 November 2017, the Group has not received any response from the IRB to its reply of February 2017.

14. Capital Commitments

As at 30 September 2017, the Group has no outstanding or additional capital commitments which are approved and/or contracted for.

15. Significant Related Party Transactions

a. The Group/Company had the following transactions with related parties during the financial quarter:

Company	**Current Quarter ended 30-Sep-17 RM'000**	**Corresponding Quarter ended 30-Sep-16 RM'000**
i. Subsidiaries:		
- rental income	44	44
- management income	450	539
- interest income	7,287	7,287
ii. Related party:		
- interest expense	1,273	-
Group		
i. Related party:		
- charter income	25,521	29,696
- interest expense	1,336	-

In the opinion of the Directors, the above transactions have been entered into in the ordinary course of business and have been established on terms that are not more favourable to the related parties than those generally available to the public.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

15. Significant Related Party Transactions (Cont'd)

b. Compensation of key management personnel

The remuneration of Directors and other members of key management are as follows:

	Current Quarter ended 30-Sep-17 RM'000	Corresponding Quarter ended 30-Sep-16 RM'000
Short-term employee benefits	234	413

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

16. Review of Financial Performance

Current Year Quarter versus Preceding Year Corresponding Quarter

	Current Quarter ended 30-Sep-17 RM'000	Corresponding Quarter ended 30-Sep-16 RM'000	Variance RM'000	Variance %
Revenue	49,754	52,952	(3,198)	(6)
Profit Before Interest and Taxation	1,102	22,308	(21,206)	(95)
(Loss)/Profit Before Taxation	(13,713)	6,687	(20,400)	(305)
(Loss)/Profit After Taxation	(18,853)	6,239	(25,092)	(402)
(Loss)/Profit Attributable to Ordinary Equity Holders of the Parent	(18,853)	6,239	(25,092)	(402)

For the current quarter ended 30 September 2017, the Group has recorded a revenue of RM49.8 million and a loss before taxation of RM13.7 million, as compared to a revenue of RM53.0 million and a profit before taxation of RM6.7 million in the third quarter of 2016.

The decrease in revenue and the loss before taxation incurred in the current quarter is mainly due to lower charter rates (reduced by approximately 25%) secured in 2017 notwithstanding the higher vessel utilization rate of 70% in the third quarter of 2017 as compared to 66% in the third quarter of 2016. In addition, the loss before taxation in the current quarter had also taken into account expenses such as net unrealized foreign exchange loss of RM8.2 million as well as impairment loss on receivables of RM1.4 million. The loss after taxation in the current quarter had taken into account both current and prior year tax expenses amounting to RM5.1 million (see Note 20).

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

16. Review of Financial Performance (Cont'd)

Current Period-to-Date versus Preceding Period-to-Date

	Current Period-to-date ended 30-Sep-17 RM'000	Corresponding Period-to-date ended 30-Sep-16 RM'000	Variance RM'000	%
Revenue	113,860	144,341	(30,481)	(21)
(Loss)/Profit Before Interest and Taxation	(91,844)	23,052	(114,896)	(498)
Loss Before Taxation	(137,139)	(24,633)	(112,506)	(457)
Loss After Taxation	(142,400)	(32,468)	(109,932)	(339)
Loss Attributable to Ordinary Equity Holders of the Parent	(142,399)	(32,467)	(109,932)	(339)

For the financial period ended 30 September 2017, the Group recorded a lower revenue of RM113.9 million and a loss before taxation of RM137.1 million as compared to the revenue of RM144.3 million and loss before taxation of RM24.6 million for the previous period ended 30 September 2016.

The lower revenue recognized is mainly due to lower charter rates (reduced by approximately 25%) secured coupled with lower vessel utilization at 53% for the financial period ended 30 September 2017, as compared to 57% in the corresponding period ended 30 September 2016, resulting from slower work orders/contracts awarded from oil majors affected by the decline in crude oil prices. The Group recorded a higher loss before taxation for the financial period ended 30 September 2017 which is mainly attributed to an impairment loss on property, plant and equipment of RM50.4 million, impairment loss on receivables of RM1.4 million as well as a net realized/unrealized foreign exchange loss of RM32.5 million, as compared to a net realized/unrealized foreign exchange gain of RM7.4 million in the preceding period. The loss after taxation in the current period had taken into account both current and prior year tax expenses amounting to RM5.3 million (see Note 20).

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

17. Financial Review for Current Quarter Compared with Immediate Preceding Quarter

	Current Quarter ended 30-Sep-17 RM'000	Preceding Quarter ended 30-Jun-17 RM'000	Variance RM'000	%
Revenue	49,754	45,178	4,576	10
Profit/(Loss) Before Interest and Taxation	1,102	(62,476)	63,578	102
Loss Before Taxation	(13,713)	(77,538)	63,825	82
Loss After Taxation	(18,853)	(77,635)	58,782	76
Loss Attributable to Ordinary Equity Holders of the Parent	(18,853)	(77,634)	58,781	76

The Group recorded a higher revenue of RM49.8 million and a loss before taxation of RM13.7 million in the current quarter, as compared to a revenue of RM45.2 million and a loss before taxation of RM77.5 million in the preceding quarter.

The slight increase in revenue in the current quarter is mainly due to higher vessel utilization at 70% as compared to 63% in the second quarter of 2017. The higher vessel utilization is a result of improved work orders/contracts awarded from the oil majors during the third quarter of 2017. On the other hand, the higher loss before taxation incurred in the preceding quarter is mainly attributed to impairment loss on property, plant and equipment of RM50.4 million as well as net realized/unrealized foreign exchange loss of RM16.5 million, as compared to a net realized/unrealized foreign exchange loss of RM7.9 million in the current quarter. The loss after taxation in the current period had taken into account both current and prior year tax expenses amounting to RM5.3 million (see Note 20).

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

18. Prospects

Generally, the offshore support vessels ("OSV") market in the first three quarters of 2017 has been weak and for the last quarter of 2017, the Board envisages that the Group's vessel utilization will continue to remain sluggish in view of the impending monsoon. However, going into 2018 it is expected that the Group's vessel utilization rate will be better than that of 2017 as a substantial number of the Group's fleet will be earmarked for Dayang's offshore maintenance and hook-up contracts with various oil majors where activities are already projected to be ramping high.

Currently, the few remaining vessels which are not earmarked for Dayang's jobs are participating in bids for the OSV contracts domestically, regionally and also in international markets and the outcome of these tenders are still pending.

Also, with the price of crude oil currently hovering near USD60 per barrel, the Board is more optimistic that sentiments should improve going forward.

The Group's ongoing cost containment exercise to cut-cost is yielding result with improved cost efficiency.

The relisting plan of the Company which is targeted to be completed by end of November 2017 and the issuance of new shares via private placement to regularise the public shareholding spread is also ongoing, all boding well for the Group if completed. The proceeds of this corporate exercise once completed will be utilized to pare down bank borrowings and improve the Group's gearing level, reduce its interest expenses, and add financial flexibility to its operational cash flow management.

In view of the above, despite the dilution of EPS of the Group and dilutive effect on the existing shareholders' shareholdings, the private placement exercise is expected to have a positive impact on the earnings of the Group when the benefits are realized, which will then directly enhance shareholders' value.

Although the Board is well briefed of the Group's outlook and prospects and the better things to come by the management, the Board remains cautious and vigilant in its pursuit for more longer-term charter opportunities and will continue to exercise due care in their endeavours.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

19. (Loss)/Profit for the Quarter/Period

	Current Quarter Ended 30-Sep-17 RM'000	Corresponding Quarter Ended 30-Sep-16 RM'000	Current Period-to-date Ended 30-Sep-17 RM'000	Corresponding Period-to-date Ended 30-Sep-16 RM'000
(Loss)/Profit for the quarter is arrived at after charging/(crediting):				
Depreciation of property, plant and equipment	21,974	21,574	67,510	64,596
Interest expense	14,815	15,621	45,295	47,685
Allowance/(Reversal) on impairment loss on property, plant and equipment	-	2,060	50,382	(5,960)
Allowance for impairment loss on receivables	1,443	-	1,443	-
Fair value gain on settlement of refundable deposit	-	-	-	(1,065)
Accretion of refundable deposit	-	-	-	(106)
Bad debt written off	-	39	-	39
Interest income	(407)	(423)	(2,044)	(1,279)
Loss/(Gain) on foreign exchange:				
- realised	(316)	114	2,114	26,806
- unrealised	8,229	(17,687)	30,374	(34,250)

Save for the above, there were no write off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, other income including investment income and exceptional items for the current quarter and financial period ended 30 September 2017.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

20. Taxation

The provision of taxation for the current quarter and financial period-to-date under review are as follows:

	Current Quarter Ended 30-Sep-17 RM'000	Corresponding Quarter Ended 30-Sep-16 RM'000	Current Period-to-date Ended 30-Sep-17 RM'000	Corresponding Period-to-date Ended 30-Sep-16 RM'000
Current tax expense:				
Malaysian - current year	(2,373)	(448)	(2,494)	(7,835)
- prior year	(2,845)	-	(2,845)	-
Deferred taxation:				
- current year	78	-	78	-
Total taxation	(5,140)	(448)	(5,261)	(7,835)

Despite the consolidated losses for the current quarter and financial period to-date, the Group still incurs a current tax charge of RM2.4 million and RM2.5 million respectively as the losses incurred by certain group entities cannot be offset against the taxable profits made by other group entities. In addition, there is an additional tax expense of RM2.8 million arising from finalization of prior year’s tax computation.

21. Corporate Proposals

(i) Public Shareholdings Spread

On 14 May 2015, the Company received a notice from Maybank Investment Bank Berhad (“Maybank IB”) on behalf of Dayang Enterprise Holdings Berhad (“Dayang”) in relation to the proposed acquisition of 42,965,100 ordinary shares of RM0.50 each in Perdana Petroleum Berhad (“PPB”) (“PPB Shares”), representing approximately 5.74% equity interest in PPB from Affin Hwang Asset Management Berhad for a total cash consideration RM66,595,905 or RM1.55 per share (“Proposed Acquisition”) and proposed mandatory general offer (“MGO”) for all the remaining PPB Shares not already owned by Dayang after the Proposed Acquisition and such number of new PPB Shares that might be issued pursuant to the exercise of any outstanding warrants 2010/2015 issued by PPB (“PPB Warrants”) prior to the close of the proposed MGO for a cash consideration of RM1.55 per PPB Share and all the remaining PPB Warrants not already owned by Dayang for a cash consideration of RM0.84 per PPB Warrant.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

21. Corporate Proposals (Cont'd)

(i) Public Shareholdings Spread (Cont'd)

On 2 July 2015, the Company received a notice of conditional mandatory take-over offer from Maybank IB, on behalf of Dayang to acquire all the remaining PPB Shares not already owned by Dayang after the Acquisition and such number of new PPB Shares that might be issued pursuant to the exercise of any outstanding PPB Warrants prior to the close of the Offer ("Offer Shares") and all the remaining PPB Warrants not already owned by Dayang ("Offer Warrants") for a cash offer price of RM1.55 per Offer Share and RM0.84 per Offer Warrant. In relation to the Offer, the Board deliberated on the Notice and was not seeking an alternative person to make a take-over offer for the Offer Shares and Offer Warrants.

On 24 July 2015, Dayang ("the Offeror") received valid acceptances in respect of the Offer, resulting in Dayang and the person acting in concert with Dayang for the Offer ("PACs") holding in aggregate, together with such PPB Shares that were already acquired, held or entitled to be acquired or held by Dayang and the PACs, more than 50% of the voting shares of PPB. As such, the acceptance condition of the Offer had been fulfilled and the Offer had become unconditional.

On the close of the Offer on 13 August 2015, the Offeror and PACs accepted 710,783,665 ordinary shares of RM0.50 each and 28,368,926 warrants, equivalent to 94.96% of issued and paid-up share capital of PPB as at 13 August 2015 of 748,488,501 PPB Shares and 92.63% of 30,627,597 outstanding PPB Warrants as at 13 August 2015. Henceforth, the Company regarded Dayang Enterprise Holdings Bhd as its holding company.

As the public shareholding spread of PPB was less than 10% of the Voting Shares of PPB, on 14 August 2015, the Company announced that the trading in all the securities of PPB would be suspended by Bursa Securities with effect from 9.00 a.m. on 31 December 2015, pursuant to Paragraph 16.02(2) of the Main Market Listing Requirements ("MMLR"). Accordingly, trading in the structured warrants relating to Perdana would also be suspended at the same date and time. The suspension would only be uplifted by Bursa Malaysia Securities Berhad upon PPB's full compliance with the public shareholding spread requirements under paragraph 8.02(1) of the MMLR or as might be determined by Bursa Malaysia Securities Berhad.

On 25 September 2015, the Company announced that Bursa Securities had vide their letter dated 23 September 2015 granted the Company an extension of time of three months from 13 August 2015 to 12 November 2015 to comply with the public shareholding spread requirement.

On 2 December 2015, the Company announced that Bursa Securities had vide their letter dated 1 December 2015 granted the Company an extension of time of three months from 13 November 2015 to 12 February 2016 to comply with the public shareholding spread requirement.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

21. Corporate Proposals (Cont'd)

(i) Public Shareholdings Spread (Cont'd)

On 5 April 2016, the Company announced that Bursa Securities had vide their letter dated 1 April 2016 granted the Company a further extension of time of six months i.e. from 13 February 2016 to 12 August 2016 to comply with the public shareholding spread requirement.

The Company had on 20 July 2016 and 28 December 2016 applied for a further extension of time of three months from 13 August 2016 to 12 November 2016 and seven months from 13 November 2016 to 30 June 2017 respectively to comply with the shareholding spread requirement.

On 24 February 2017, the Company announced that Bursa Securities had vide their letter dated 23 February 2017 granted the Company an extension of time until 12 May 2017 to comply with the public shareholding spread requirement.

The Company had on 8 May 2017 applied for a further extension of time of six months from 13 May 2017 to 12 November 2017 to comply with the public shareholding spread requirement.

Following the above application, the holding company, Dayang Enterprise Holdings Berhad ("Dayang") had on 12 May 2017 proposed to undertake a dividend-in-specie to distribute up to 292,229,202 of the Company's ordinary shares ("PPB Shares"), representing 37.5% of Dayang's equity interest in the Company to the shareholders of Dayang to improve the public shareholding spread of the Company to 20.0% ("Dayang Distribution").

On 16 May 2017, the Company made an announcement proposing to undertake a private placement of up to 10% of the total number of issued shares of the Company ("Proposal") to improve its public shareholding spread as well as raise funds for working capital and partially repay bank borrowings. In addition, the Company had on the same day applied to Bursa Securities to accept a lower public spread of 20% for purpose of compliance with the Public Spread Requirement and to allow resumption of trading of its shares on the Main Market of Bursa Securities upon completion of the Dayang Distribution ("Resumption of Trading"). The purpose of the Resumption of Trading is to allow the shareholders of Dayang to commence trading of their PPB Shares and also to facilitate the implementation of the Proposal by providing a market reference price for pricing the new PPB Shares to be issued pursuant to the proposal.

On 2 June 2017, the Company announced that Bursa Securities had vide their letter dated 25 May 2017 granted the Company an extension of time until 30 November 2017 to comply with the Public Spread Requirement.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

21. Corporate Proposals (Cont'd)

(i) Public Shareholdings Spread (Cont'd)

Subsequently on 19 July 2017, Bursa Securities had vide their letter granted approval and accepted the Company's application for a lower Public Spread Requirement. Bursa Securities had also approved the Company's application for the resumption of trading of the Company's shares upon completion of the Dayang Distribution.

The Company will make an announcement as to when its shares will resume trading at a later date.

Save for the above, there were no other corporate proposals announced but not completed as at 14 November 2017, being the latest practicable date not earlier than 7 days from the date of issue of this interim report.

22. Borrowings

Total Group's borrowings as at 30 September 2017 were as follows:

	As at Current Period Ended 30-Sep-2017					
	Non-current		Current		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
- Sukuk	-	436,095	-	79,849	-	515,944
- Term loans	6,883	29,110	15,753	66,620	22,636	95,730
- Finance lease liabilities	28,762	121,651	3,152	13,426	31,914	135,077
Unsecured						
- Revolving credit	-	-	-	9,000	-	9,000
Total	35,645	586,856	18,905	168,895	54,550	755,751

Exchange rate (USD: MYR) at USD1: MYR4.2290

Source of reference: Bank Negara Malaysia website

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REOUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

22. Borrowings (Cont'd)

Total Group's borrowing as at 31 December 2016 were as follows:

	As at Previous Year Ended 31-Dec-2016					
	Non-current		Current		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
- Sukuk	-	518,798	-	78,587	-	597,385
- Term loans	7,678	34,453	20,665	92,734	28,343	127,187
- Finance lease liabilities	31,142	139,838	2,989	13,509	34,131	153,347
Unsecured						
- Revolving credit	-	-	-	18,000	-	18,000
Total	38,820	693,089	23,654	202,830	62,474	895,919

Exchange rate (USD: MYR) at USD1: MYR4.4875

Source of reference: Bank Negara Malaysia website

As at 30 September 2017, the total outstanding borrowings have reduced to RM755.8 million as compared to RM895.9 million as at 31 December 2016 mainly due to a repayment of Sukuk principal amounting to RM90 million.

The term loans and revolving credit of the Group are based on fixed interest rate whereas the Sukuk bond and finance lease liabilities are based on floating interest rate.

23. Material Litigations

Save for the following, there were no material litigations involving the Group since the last financial year ended 31 December 2016 and 14 November 2017, being the latest practicable date not earlier than 7 days from the date of issue of this interim report.

(i) Notices of Motion to Federal Court to Appeal Against the Whole Decision of the Court of Appeal

On 22 June 2011, the Company filed a suit in the High Court against Tengku Dato' Ibrahim Petra bin Tengku Indra Petra, Wong Fook Heng, Tiong Young Kong, Lee Mee Jiong, TA Securities Holdings Berhad ("TASB"), Yap Hock Heng and TA First Credit Sdn Bhd ("TAFC") to claim for losses and damages suffered by the Company in respect of, inter alia, the divestment of 10,500,000 ordinary shares of RM0.50 each in Petra Energy Berhad ("PEB") by PPB to certain parties on 10 September 2009 and the divestment of 48,800,000 ordinary shares of RM0.50 each in PEB by PPB as conducted by the TA Securities Holdings Berhad and Yap Hock Heng on 11 December 2009.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

23. Material Litigations (Cont'd)

(i) Notices of Motion to Federal Court to Appeal Against the Whole Decision of the Court of Appeal (Cont'd)

This suit was mounted on several causes of action, including breaches of fiduciary and statutory duties, accessory liability and conspiracy and the Company was seeking from the High Court, various declaratory reliefs, damages (general and/or fiduciary and/or aggravated) to be assessed, interest, account and disgorgement and costs.

On 7 September 2012, the Company filed notices of discontinuance pursuant to a negotiated settlement with TASB, Yap Hock Heng and TAFC, with no admission of liability and with no liberty to file afresh. In this connection, TASB had also agreed to discontinue their suit against the Company in relation to a claim of approximately RM2.796 million as placement fees due to them ("TASB Suit") with no admission of liability and with no liberty to file afresh. With the discontinuance of the TASB Suit, the Company had reversed the provisions made earlier.

The trial at the High Court ended on 26 April 2013 and oral submissions by respective counsels were made on 21 November 2013 and 28 November 2013. On 21 March 2014, the Company announced that the High Court gave its decision that the Company was unsuccessful in the Suit. On 17 April 2014, the Company filed a Notice of Appeal to the Court of Appeal on the decision of the Suit.

On 9 September 2014, the High Court made a decision on costs and ordered the Company to pay the Defendant Parties, a total cost of RM841,731. The High Court also ordered Tengku Dato' Ibrahim Petra bin Tengku Indra Petra to pay the Company the sum of RM192,780 with post judgement interest calculated at 5% per annum starting from 22 March 2014 ("Judgement Sum"). The earnings of the Group for the year ended 31 December 2014 was reduced by the differential sum of the total cost payable and the judgement sum receivable.

On 2 December 2014, the Court of Appeal fixed the hearing of the Appeal. This was subsequently adjourned and fixed to be heard on 11 March 2015.

The Appeal was heard on 11 March 2015 and 25 March 2015.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

23. Material Litigations (Cont'd)

(i) Notices of Motion to Federal Court to Appeal Against the Whole Decision of the Court of Appeal (Cont'd)

On 25 August 2015, the Company announced that the Court of Appeal had made the following judgements:-

(a) the Company's appeal was allowed with costs against Tengku Dato' Ibrahim Petra bin Tengku Indra Petra, Wong Fook Heng and Tiong Young Kong;

(b) the Company's appeal was dismissed with costs against Lee Mee Jiong; and

(c) Tengku Dato' Ibrahim Petra bin Tengku Indra Petra's cross appeal was dismissed with costs.

On 23 September 2015, the Company received the Notices of Motion from the solicitors of Tengku Dato' Ibrahim bin Tengku Indra Petra and Wong Fook Heng & Tiong Young Kong respectively, to apply for leave to appeal to the Federal Court against the decision of the Court of Appeal on 25 August 2015.

The Federal Court allowed on 1 March 2016 the leave applications by the Applicants.

On 10 October 2016, Tengku Ibrahim, Wong Fook Heng and Tiong Young Kong's appeals against the Company were partially heard by the Federal Court. The Federal Court had fixed 18 October 2016 for the continued hearing which however could not take place on the said date. The Federal Court subsequently fixed 16 November 2016 as the continued hearing date.

However, on 8 November 2016, the Federal Court via a letter informed all the parties that the continued hearing scheduled on 16 November 2016 was converted to a Case Management and the new continued hearing date was fixed on 2 February 2017.

On 2 February 2017, the Federal Court has heard all of the parties for the continued hearing and deferred the decision to a later date which is yet to be determined.

23. Material Litigations (Cont'd)

(ii) Arbitration Between Nam Cheong International Limited (Claimant) and Petra Offshore Limited (Respondent)

In relation to the proposed acquisition of two units of 500-men accommodation workbarges, identified as Vessel Hull No. SK316 and SK317 from Nam Cheong International Limited ("NCIL") at a consideration of USD42.0 million each, the Company's wholly owned subsidiary, Petra Offshore Limited ("POL") had on 1 December 2016 sent a notification to NCIL of the cancellation of the Memorandum of Agreement ("MoA") on the acquisition of the accommodation work barge identified as Vessel Hull No. SK317 ("Vessel") as NCIL had not fulfilled the condition of delivery of the Vessel in accordance with the terms and conditions of the MoA. Accordingly, POL had sought for the immediate return of the deposit paid of USD8.4 million ("Deposit"), as advised by the legal counsel.

On 5 December 2016, POL received a letter from NCIL stating that POL had no right to cancel the MoA and in view thereof had breached the terms of the MoA. NCIL had consequently treated the MoA as terminated and had forfeited the Deposit.

Notwithstanding the above claims by NCIL, POL had on 9 December 2016 through its solicitors issued a letter of demand to NCIL for the return of the Deposit.

On 22 December 2016, POL received from the solicitors of NCIL a Notice of Arbitration dated 22 December 2016 that NCIL had filed with the Kuala Lumpur Regional Centre for Arbitrations as Claimant against POL as the Respondent in respect of disputes arising out of the MoA for the sale and purchase of one unit 500-men accommodation work barge (Hull No. SK317) dated 23 June 2014 as amended by the Addendum No. 1 dated 27 May 2015.

NCIL is seeking, inter alia, the relief that POL's purported termination of the MoA on 1 December 2016 was wrongful and unwarranted and the forfeiture of the 20% deposit amounting to USD8.4 million together with damages arising from failure and/or refusal and/or neglect of POL to take delivery of the Vessel.

On 18 January 2017, POL had via its solicitors issued a Response to Notice of Arbitration to NCIL. POL's Response to Notice of Arbitration counterclaimed that NCIL's claim against POL was misconceived and erroneous as the Vessel was not in every respect physically ready for delivery and therefore the relief or remedy sought by NCIL did not arise and the cancellation of the MoA by POL was valid. Hence, POL continued to seek the immediate release of the Deposit paid. Both NCIL and POL have since nominated their respective arbitrators and paid the initial deposit for the arbitration.

On 18 July 2017, NCIL had submitted its Claimant's Statement of Claim to the Kuala Lumpur Regional Centre for Arbitration. POL had subsequently filed its Respondent's Statement of Defence and Counterclaim on 17 August 2017.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

24. Proposed Dividends

No interim dividends have been declared for the current quarter under review.

The Board of Directors did not recommend the payment of any dividends for the financial year ended 31 December 2016.

25. (Loss)/Earnings Per Share

a) Basic

	Current Quarter Ended 30-Sep-17	Corresponding Quarter Ended 30-Sep-16	Current Period-to-date Ended 30-Sep-17	Corresponding Period-to-date Ended 30-Sep-16
Net (loss)/profit attributable to shareholders (RM'000)	(18,853)	6,239	(142,400)	(32,468)
Number of ordinary shares at the beginning of the quarter/year	778,470,949	778,470,949	778,470,949	778,470,949
Weighted average number of ordinary shares in issue	778,470,949	778,470,949	778,470,949	778,470,949
Basic (loss)/earnings per ordinary share (Sen)	(2.42)	0.80	(18.29)	(4.17)

b) Diluted

Diluted earnings/loss per share has not been presented as the Company has no dilutive equity instruments outstanding as at 30 September 2016 and 2017.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

26. Disclosure of Realised and Unrealised Profits

On 25 March 2010, Bursa Securities issued a directive to all listed issuers pursuant to Paragraph 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Securities issued further guidance on the disclosure and the format required.

The breakdown of the retained earnings of the Group into realised and unrealised profits, pursuant to the directive, is as follows:

	As at 30-Sep-2017 RM'000	**As at 31-Dec-2016 RM'000**
Total retained earnings of the Group:		
- Realised losses	(44,045)	(34,085)
- Unrealised (losses)/profits	(20,538)	77,069
	(64,583)	42,984
Add: Consolidated adjustments	114,596	149,428
Total retained earnings as per statement of financial position	50,013	192,412

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

By Order of the Board

Bailey Kho Chung Siang
Executive Director

Date: 20 November 2017