



# **PERDANA PETROLEUM BERHAD**

Company No. 372113-A  
(Incorporated in Malaysia)

## **Interim Report for the Quarter Ended 31 December 2017**

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
ENDED 31 DECEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

|   | Current<br>Quarter<br>Ended<br>31-Dec-17<br>RM'000<br>(Unaudited) | Corresponding<br>Quarter<br>Ended<br>31-Dec-16 #<br>RM'000<br>(Unaudited) | Current<br>Year-to-date<br>Ended<br>31-Dec-17<br>RM'000<br>(Unaudited) | Corresponding<br>Year-to-date<br>Ended<br>31-Dec-16 #<br>RM'000<br>(Audited) |
|---|---|---|--|--|
| Revenue   | 33,927  | 47,370  | 147,787  | 191,711  |
| Cost of Sales   | (37,945)  | (41,163)  | (155,432)  | (154,372)  |
| Gross (Loss)/Profit   | (4,018)   | 6,207   | (7,645)  | 37,339   |
| Other income  | 1,317   | 49,848  | 4,483  | 79,630   |
| Administrative expenses   | (1,642)   | (2,739)   | (8,201)  | (15,405)   |
| Other expenses  | (26,999)  | (49,599)  | (111,823)  | (74,795)   |
| <b>Results from operating activities</b>  | <b>(31,342)</b>   | <b>3,717</b>  | <b>(123,186)</b>   | <b>26,769</b>  |
| Finance costs   | (14,954)  | (15,032)  | (60,249)   | (62,717)   |
| <b>Loss before taxation</b>   | <b>(46,296)</b>   | <b>(11,315)</b>   | <b>(183,435)</b>   | <b>(35,948)</b>  |
| Taxation  | 6,748   | 15,737  | 1,487  | 7,902  |
| <b>(Loss)/Profit for the period</b>   | <b>(39,548)</b>   | <b>4,422</b>  | <b>(181,948)</b>   | <b>(28,046)</b>  |
| <i>Other comprehensive (expenses)/income</i>  |   |   |  |  |
| Foreign currency translation  | (23,632)  | 51,014  | (62,879)   | 26,799   |
| Cash flow hedge   | 18  | 355   | 43   | 267  |
| <b>Total Comprehensive (Expenses)/Income<br/>for the period attributable to<br/>Owners of the Company</b> | <b>(63,162)</b>   | <b>55,791</b>   | <b>(244,784)</b>   | <b>(980)</b>   |
| <b>(Loss)/Profit for the period</b>   |   |   |  |  |
| Attributable to:  |   |   |  |  |
| Equity holders of the Company   | (39,547)  | 4,427   | (181,946)  | (28,040)   |
| Non-controlling interest  | (1)   | (5)   | (2)  | (6)  |
|   | <b>(39,548)</b>   | <b>4,422</b>  | <b>(181,948)</b>   | <b>(28,046)</b>  |
| <b>Total Comprehensive (Expenses)/Income for the period<br/>Attributable to:</b>                          |   |   |  |  |
| Equity holders of the Company   | (63,162)  | 55,798  | (244,784)  | (973)  |
| Non-controlling interest  | (0) *   | (7)   | (0) *  | (7)  |
|   | <b>(63,162)</b>   | <b>55,791</b>   | <b>(244,784)</b>   | <b>(980)</b>   |
| <b>(Loss)/Earnings per share (Sen)</b>  |   |   |  |  |
| a) Basic  | (5.08)  | 0.57  | (23.37)  | (3.60)   |
| b) Diluted  | N/A   | N/A   | (23.37)  | (3.60)   |

\* Negligible

# The comparative figures have been adjusted and reclassified to conform with the audited financial statement's presentation

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income 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 FOURTH QUARTER  
ENDED 31 DECEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|  | (Unaudited)<br>31-Dec-17<br>RM'000 | (Audited)<br>31-Dec-16<br>RM'000 |
|--|------------------------------------|----------------------------------|
| <b>ASSETS</b>  |                                    |                                  |
| <b>NON-CURRENT ASSETS</b>  |                                    |                                  |
| Property, plant and equipment  | 1,250,781                          | 1,529,235                        |
| Intangible assets  | -                                  | 10,724                           |
| Refundable deposits  | 45,291                             | 48,809                           |
| Deferred tax assets  | 23,236                             | 15,143                           |
| Derivative asset   | 233                                | 190                              |
|  | <u>1,319,541</u>                   | <u>1,604,101</u>                 |
| <b>CURRENT ASSETS</b>  |                                    |                                  |
| Inventories  | 2,354                              | 1,368                            |
| Trade receivables - external parties                                   | 16,119                             | 17,501                           |
| Trade receivables - related company                                    | 583                                | 1,482                            |
| Other receivables, deposits and prepayments                            | 8,952                              | 10,990                           |
| Current tax assets   | 3,665                              | 6,205                            |
| Cash and cash equivalents  | 77,004                             | 74,295                           |
|  | <u>108,677</u>                     | <u>111,841</u>                   |
| <b>TOTAL ASSETS</b>  | <u>1,428,218</u>                   | <u>1,715,942</u>                 |
| <b>EQUITY AND LIABILITIES</b>  |                                    |                                  |
| <b>EQUITY</b>  |                                    |                                  |
| Share capital  | 412,854                            | 389,235                          |
| Reserves   | 85,789                             | 354,192                          |
| <b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>              | <u>498,643</u>                     | <u>743,427</u>                   |
| <b>NON-CONTROLLING INTEREST</b>  | <u>136</u>                         | <u>136</u>                       |
| <b>TOTAL EQUITY</b>  | <u>498,779</u>                     | <u>743,563</u>                   |
| <b>NON-CURRENT LIABILITIES</b>   |                                    |                                  |
| Loans and borrowings   | 113,527                            | 693,089                          |
| Deferred tax liabilities   | 3,331                              | 3,202                            |
|  | <u>116,858</u>                     | <u>696,291</u>                   |
| <b>CURRENT LIABILITIES</b>   |                                    |                                  |
| Loans and borrowings   | 620,752                            | 202,830                          |
| Trade payables - external parties                                      | 13,213                             | 11,433                           |
| Trade payables - related company                                       | 5,457                              | 3,320                            |
| Other payables - external parties                                      | 32,115                             | 38,957                           |
| Other payables - related company                                       | 141,024                            | 19,488                           |
| Current tax liabilities  | 20                                 | 60                               |
|  | <u>812,581</u>                     | <u>276,088</u>                   |
| <b>TOTAL LIABILITIES</b>   | <u>929,439</u>                     | <u>972,379</u>                   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                    | <u>1,428,218</u>                   | <u>1,715,942</u>                 |
| <b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)</b> | 0.64                               | 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)

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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
ENDED 31 DECEMBER 2017**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

|   | <b>(Unaudited)</b> | <b>(Audited)</b>  |
|---|--------------------|-------------------|
|   | <b>Year Ended</b>  | <b>Year Ended</b> |
|   | <b>31-Dec-17</b>   | <b>31-Dec-16</b>  |
|   | <b>RM'000</b>      | <b>RM'000</b>     |
| <b>Cash flows from operating activities</b>               |                    |                   |
| Loss before taxation                                      | (183,435)          | (35,948)          |
| <i>Adjustments for:</i>                                   |                    |                   |
| Impairment loss on goodwill                               | 10,724             | -                 |
| Impairment loss on property, plant and equipment          | 46,950             | 5,769             |
| Impairment loss on receivables                            | 1,443              | 37,695            |
| Bad debts written off                                     | -                  | 39                |
| Depreciation of property, plant and equipment             | 88,263             | 87,668            |
| Interest expense  | 60,249             | 62,717            |
| Interest income   | (2,989)            | (2,203)           |
| Gain on disposal of property, plant and equipment         | (1,625)            | -                 |
| Gain on settlement of refundable deposit                  | -                  | (1,065)           |
| Unrealised loss/(gain) on foreign exchange                | 51,903             | (75,615)          |
| <b>Operating profit before changes in working capital</b> | <u>71,483</u>      | <u>79,057</u>     |
| <i>Changes in working capital:</i>                        |                    |                   |
| Inventories   | (986)              | (37)              |
| Trade and other receivables                               | 3,399              | 17,373            |
| Trade and other payables                                  | 64,132             | 95,087            |
| <b>Cash generated from operations</b>                     | <u>138,028</u>     | <u>191,480</u>    |
| Income tax paid   | (3,850)            | (9,683)           |
| <b>Net cash from operating activities</b>                 | <u>134,178</u>     | <u>181,797</u>    |
| <b>Cash flows for investing activities</b>                |                    |                   |
| Interest received   | 1,843              | 2,203             |
| Proceeds from disposal of property, plant and equipment   | 12,923             | -                 |
| Refundable deposits refunded                              | -                  | 25,653            |
| Purchase of property, plant and equipment                 | (1,023)            | (352)             |
| Withdrawal/(Placement) of fixed deposits pledged          | 2,233              | (37,982)          |
| <b>Net cash from/(used in) investing activities</b>       | <u>15,976</u>      | <u>(10,478)</u>   |

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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
ENDED 31 DECEMBER 2017****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

|  | <b>(Unaudited)</b> | <b>(Audited)</b>  |
|--|--------------------|-------------------|
|  | <b>Year Ended</b>  | <b>Year Ended</b> |
|  | <b>31-Dec-17</b>   | <b>31-Dec-16</b>  |
|  | <b>RM'000</b>      | <b>RM'000</b>     |
| <b>Cash flows from financing activities</b>                      |                    |                   |
| Drawdown of Sukuk bonds  | -                  | 635,000           |
| Repayment of Sukuk bonds   | (90,000)           | -                 |
| Repayment of term loans  | (32,353)           | (578,664)         |
| Repayment of revolving credit                                    | (12,000)           | (2,000)           |
| Repayment of finance lease liability obligations                 | (12,243)           | (163,701)         |
| Interest paid  | (16,465)           | (34,376)          |
| Coupon paid  | (27,967)           | (14,883)          |
| <b>Net cash used in financing activities</b>                     | <u>(191,028)</u>   | <u>(158,624)</u>  |
| Net (decrease)/increase in cash and cash equivalents             | (40,874)           | 12,695            |
| Effect of exchange rate movements                                | 45,816             | (23,079)          |
| Cash and cash equivalents at the beginning of the financial year | 16,367             | 26,751            |
| Cash and cash equivalents at the end of the financial year       | <u>21,309</u>      | <u>16,367</u>     |
| <b>Cash and cash equivalents</b>                                 |                    |                   |
| Deposits placed with licensed banks                              | 67,328             | 67,548            |
| Cash on hand and at bank   | 9,676              | 6,747             |
|  | <u>77,004</u>      | <u>74,295</u>     |
| Less: Deposits pledged as security                               | (55,695)           | (57,928)          |
|  | <u>21,309</u>      | <u>16,367</u>     |

**(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)**

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

|  | Attributable to owners of the Company |               |                         |                       |                     | Retained Profits | Total          | Non-Controlling Interest | Total Equity   |
|--|---------------------------------------|---------------|-------------------------|-----------------------|---------------------|------------------|----------------|--------------------------|----------------|
|  | Non-distributable                     |               | Distributable           |                       |                     |                  |                |                          |                |
|  | Share Capital                         | Share Premium | Cash Flow Hedge Reserve | Other Capital Reserve | Translation Reserve |                  |                |                          |                |
|  | RM'000                                | RM'000        | RM'000                  | RM'000                | RM'000              | RM'000           | RM'000         | RM'000                   | RM'000         |
| <b>Financial year ended 31 December 2017 (Unaudited)</b> |                                       |               |                         |                       |                     |                  |                |                          |                |
| As at 1 January 2017                                     | 389,235                               | 21,984        | 190                     | 1,635                 | 137,971             | 192,412          | 743,427        | 136                      | 743,563        |
| Total comprehensive income/(expenses) for the period     | -                                     | -             | 43                      | -                     | (62,881)            | (181,946)        | (244,784)      | (0) *                    | (244,784)      |
| Transfer (Note 7)  | 23,619                                | (21,984)      | -                       | (1,635)               | -                   | -                | -              | -                        | -              |
| <b>Balance as at 31 December 2017</b>                    | <b>412,854</b>                        | <b>-</b>      | <b>233</b>              | <b>-</b>              | <b>75,090</b>       | <b>10,466</b>    | <b>498,643</b> | <b>136</b>               | <b>498,779</b> |
| <b>Financial year ended 31 December 2016 (Audited)</b>   |                                       |               |                         |                       |                     |                  |                |                          |                |
| 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)          |
| <b>Balance as at 31 December 2016</b>                    | <b>389,235</b>                        | <b>21,984</b> | <b>190</b>              | <b>1,635</b>          | <b>137,971</b>      | <b>192,412</b>   | <b>743,427</b> | <b>136</b>               | <b>743,563</b> |

\* *Negligible*

(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)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
ENDED 31 DECEMBER 2017

**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:

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

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

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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
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**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)**

| <b>MFRS / Amendments / Interpretations</b>  | <b>Effective Date</b> |
|---|-----------------------|
| Amendments to MFRS 1, <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)</i>   | 1 January 2018        |
| Amendments to MFRS 2, <i>Share-based payment - Classification and Measurement of Share-based Payment Transactions</i>   | 1 January 2018        |
| Amendments to MFRS 4, <i>Insurance Contracts - Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>  | 1 January 2018        |
| Amendments to MFRS 128, <i>Investments in Associates and Joint Venture (Annual Improvements to MFRS Standards 2014-2016 Cycle)</i>  | 1 January 2018        |
| Amendments to MFRS 140, <i>Investment Property – Transfers of Investment Property</i>   | 1 January 2018        |
| IC Interpretation 23, <i>Uncertainty over Income Tax Treatments</i>   | 1 January 2019        |
| MFRS 16, <i>Leases</i>  | 1 January 2019        |
| Amendments to MFRS 3, <i>Business Combinations (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)</i>  | 1 January 2019        |
| Amendments to MFRS 9, <i>Financial Instruments - Prepayment Features with Negative Compensation</i>   | 1 January 2019        |
| Amendments to MFRS 11, <i>Joint Arrangements (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)</i>  | 1 January 2019        |
| Amendments to MFRS 112, <i>Income Taxes (Annual Improvements to MFRS Standards 2015 -2017 Cycle)</i>  | 1 January 2019        |
| Amendments to MFRS 123, <i>Borrowing Costs (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)</i>  | 1 January 2019        |
| Amendments to MFRS 128, <i>Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures</i>  | 1 January 2019        |
| MFRS 17, <i>Insurance Contracts</i>   | 1 January 2021        |
| Amendments to MFRS 10, <i>Consolidated Financial Statements</i> and MFRS 128, <i>Investments in Associates and Joint Ventures – Sale or contribution of Assets between an Investor and its Associate or Joint Venture</i> | To be determined      |



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**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 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 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 MFRS 17, which is assessed as presently not applicable to the Company.

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 has assessed the financial impact that may arise from the adoption of these accounting standards and do not expect any material financial impacts to its financial statements for the current period and prior periods.

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**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.

**5. Unusual Items**

There were no unusual items affecting assets, liabilities, equity, or cash flows during the current quarter and financial year 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, sale of a leasehold building, a net additional allowance for impairment loss on property, plant and equipment ("PPE"), an impairment loss on goodwill, an impairment loss on receivables, as well as additional tax expense and deferred tax income that have been provided for.

During the current quarter and financial year to-date, the other expenses comprise unrealized foreign exchange loss of RM21.5 million and RM51.9 million respectively and realized foreign exchange gain of RM2.0 million and realized foreign exchange loss of RM0.1 million respectively whereas the other comprehensive expenses include foreign currency translation losses of RM23.6 million and RM62.9 million respectively.

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, following which the asset was reclassified from PPE to non-current asset classified as held for sale. The Group had on 13 July 2017 obtained the State Authority's approval to transfer the Property to the Purchaser. The sale of the Property was completed in October 2017.

In addition, the Group has made a reversal of USD0.8 million (equivalent to RM3.4 million) for impairment loss on PPE during the current quarter, resulting in a net allowance of USD11.6 million (equivalent to RM47.0 million) for impairment loss being provided for during the current financial year (see Note 10). The Group has also provided for an allowance for impairment loss on receivables of RM1.4 million, impairment loss on goodwill of RM10.7 million as well as additional tax expense of RM2.8 million arising from finalization of prior year's tax computation and deferred tax income of RM8.0 million (see Note 20) during the financial year to-date.

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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
ENDED 31 DECEMBER 2017****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134****6. Material Changes in Estimates**

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

In accordance with Section 618 of the Companies Act, 2016, all balances standing to the credit of the share premium and the capital redemption reserve (i.e. other capital reserve) accounts have been transferred to and recognized as part of the Company's share capital. Although the share premium forms part of the share capital, the Company has 24 months from 31 January 2017 to utilize it for issuance of bonus shares.

**8. Dividends Paid**

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

**9. Segmental Information****9.1. Segment Results**

| <i>Current Quarter Ended<br/>31 Dec 2017</i> | <b>Marine<br/>Offshore<br/>Support<br/>Services<br/>RM'000</b> | <b>Investment<br/>Holding<br/>RM'000</b> | <b>Elimination<br/>RM'000</b> | <b>Group<br/>RM'000</b> |
|--|--|--|-------------------------------|-------------------------|
| <b>Revenue</b>                               |  |  |                               |                         |
| External revenue                             | 33,927   | -  | -                             | 33,927                  |
| Inter-segment revenue                        | 74,733   | 494                                      | (75,227)                      | -                       |
|  | <b>108,660</b>   | <b>494</b>                               | <b>(75,227)</b>               | <b>33,927</b>           |
| <b>Results</b>                               |  |  |                               |                         |
| Segment results before finance costs         | (121,748)  | (49,106)                                 | 139,512                       | (31,342)                |
| Finance costs                                | (10,998)   | (11,114)                                 | 7,158                         | (14,954)                |
| <b>Loss before taxation</b>                  | <b>(132,746)</b>   | <b>(60,220)</b>                          | <b>146,670</b>                | <b>(46,296)</b>         |

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9. Segmental Information (Cont'd)

9.1. Segment Results (Cont'd)

| <i>Corresponding Quarter Ended<br/>31 Dec 2016</i> | <b>Marine<br/>Offshore<br/>Support<br/>Services<br/>RM'000</b> | <b>Investment<br/>Holding<br/>RM'000</b> | <b>Elimination<br/>RM'000</b> | <b>Group<br/>RM'000</b> |
|--|--|--|-------------------------------|-------------------------|
| <b>Revenue</b>                                     |  |  |                               |                         |
| External revenue                                   | 47,370   | -  | -                             | 47,370                  |
| Inter-segment revenue                              | 80,012   | 583                                      | (80,595)                      | -                       |
|  | <b>127,382</b>   | <b>583</b>                               | <b>(80,595)</b>               | <b>47,370</b>           |
| <b>Results</b>                                     |  |  |                               |                         |
| Segment results before finance costs               | 32,636   | (65,672)                                 | 36,753                        | 3,717                   |
| Finance costs                                      | (11,924)   | (10,395)                                 | 7,287                         | (15,032)                |
| <b>Loss before taxation</b>                        | <b>20,712</b>  | <b>(76,067)</b>                          | <b>44,040</b>                 | <b>(11,315)</b>         |

  

| <i>Current Year-to-date<br/>Ended 31 Dec 2017</i> | <b>Marine<br/>Offshore<br/>Support<br/>Services<br/>RM'000</b> | <b>Investment<br/>Holding<br/>RM'000</b> | <b>Elimination<br/>RM'000</b> | <b>Group<br/>RM'000</b> |
|---|--|--|-------------------------------|-------------------------|
| <b>Revenue</b>                                    |  |  |                               |                         |
| External revenue                                  | 147,787  | -  | -                             | 147,787                 |
| Inter-segment revenue                             | 309,292  | 1,976                                    | (311,268)                     | -                       |
|   | <b>457,079</b>   | <b>1,976</b>                             | <b>(311,268)</b>              | <b>147,787</b>          |
| <b>Results</b>                                    |  |  |                               |                         |
| Segment results before finance costs              | (180,143)  | (25,862)                                 | 82,819                        | (123,186)               |
| Finance costs                                     | (45,705)   | (43,564)                                 | 29,020                        | (60,249)                |
| <b>Loss before taxation</b>                       | <b>(225,848)</b>   | <b>(69,426)</b>                          | <b>111,839</b>                | <b>(183,435)</b>        |

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9. Segmental Information (Cont'd)

9.1. Segment Results (Cont'd)

| <i>Corresponding Year-to-date<br/>Ended 31 Dec 2016</i> | <b>Marine<br/>Offshore<br/>Support<br/>Services<br/>RM'000</b> | <b>Investment<br/>Holding<br/>RM'000</b> | <b>Elimination<br/>RM'000</b> | <b>Group<br/>RM'000</b> |
|---|--|--|-------------------------------|-------------------------|
| <b>Revenue</b>  |  |  |                               |                         |
| External revenue  | 191,711  | -  | -                             | 191,711                 |
| Inter-segment revenue                                   | 326,551  | 2,333                                    | (328,884)                     | -                       |
|   | <b>518,262</b>   | <b>2,333</b>                             | <b>(328,884)</b>              | <b>191,711</b>          |
| <b>Results</b>  |  |  |                               |                         |
| Segment results before finance costs                    | 47,385   | (80,082)                                 | 59,466                        | 26,769                  |
| Finance costs   | (53,390)   | (29,372)                                 | 20,045                        | (62,717)                |
| <b>Profit before taxation</b>                           | <b>(7,387)</b>   | <b>(109,454)</b>                         | <b>80,892</b>                 | <b>(35,948)</b>         |

9.2. Segment Assets and Liabilities

| <i>As at 31 Dec 2017</i> | <b>Marine<br/>Offshore<br/>Support<br/>Services<br/>RM'000</b> | <b>Investment<br/>Holding<br/>RM'000</b> | <b>Elimination<br/>RM'000</b> | <b>Group<br/>RM'000</b> |
|--------------------------|--|--|-------------------------------|-------------------------|
| Segment assets           | 1,357,372  | 970,240                                  | (926,295)                     | 1,401,317               |
| Deferred tax asset       | 23,190   | 46                                       | -                             | 23,236                  |
| Current tax assets       | 1,040  | 2,625                                    | -                             | 3,665                   |
| <b>Total assets</b>      | <b>1,381,602</b>   | <b>972,911</b>                           | <b>(926,295)</b>              | <b>1,428,218</b>        |
| Segment liabilities      | 748,254  | 681,629                                  | (503,775)                     | 926,108                 |
| Deferred tax liabilities | 3,331  | -  | -                             | 3,331                   |
| <b>Total liabilities</b> | <b>751,585</b>   | <b>681,629</b>                           | <b>(503,775)</b>              | <b>929,439</b>          |

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**9. Segmental Information (Cont'd)**

**9.2. Segment Assets and Liabilities (Cont'd)**

| <i>As at 31 Dec 2016</i> | <b>Marine<br/>Offshore<br/>Support<br/>Services<br/>RM'000</b> | <b>Investment<br/>Holding<br/>RM'000</b> | <b>Elimination<br/>RM'000</b> | <b>Group<br/>RM'000</b> |
|--------------------------|--|--|-------------------------------|-------------------------|
| Segment assets           | 1,721,847  | 1,022,167                                | (1,049,420)                   | 1,694,594               |
| Deferred tax asset       | 15,097   | 46                                       | -                             | 15,143                  |
| Current tax assets       | 1,912  | 4,293                                    | -                             | 6,205                   |
| <b>Total assets</b>      | <b>1,738,856</b>   | <b>1,026,506</b>                         | <b>(1,049,420)</b>            | <b>1,715,942</b>        |
| Segment liabilities      | 849,959  | 660,689                                  | (541,471)                     | 969,177                 |
| Deferred tax liabilities | 3,202  | -  | -                             | 3,202                   |
| <b>Total liabilities</b> | <b>853,161</b>   | <b>660,899</b>                           | <b>(541,471)</b>              | <b>972,379</b>          |

**10. Valuation of Property, Plant and Equipment (“PPE”)**

The Group reassessed its assets (except for inventories, deferred tax assets and financial assets) as at 31 December 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 31 December 2017, the Group has made a reversal of impairment losses on PPE of USD0.8 million (equivalent to RM3.4 million), resulting in a net allowance of USD11.6 million (equivalent to RM47.0 million) for impairment losses being provided for during the current financial year. The Group’s accumulated impairment losses has been increased from USD7.7 million (equivalent to RM33.8 million) as at 31 December 2016 to USD13.0 million (equivalent to RM57.6 million) as at 31 December 2017, taking into account, *inter alia*, the allowance for impairment loss of USD5.5 million (equivalent to RM23.2 million) on a vessel sold during the year that was reversed from the accumulated impairment losses account.

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**11. Material Events Subsequent to the Reporting Period**

There were no material events subsequent to the current financial quarter ended 31 December 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 31 December 2017.

**13. Contingent Liabilities**

The following are the contingent liabilities outstanding as at 31 December 2017:

|  | As at 31-Dec-17 |                   |
|--|-----------------|-------------------|
|  | Group<br>RM'000 | Company<br>RM'000 |
| <u>Unsecured:-</u>   |                 |                   |
| 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 | -               | 210,612           |
|  | 4,800           | 215,412           |

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 of 15 February 2018, the Group has not received any response from the IRB to its reply of February 2017.

**14. Capital Commitments**

As at 31 December 2017, the Group has no outstanding or additional capital commitments which are approved and/or contracted for.

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

|                     | <b>Current<br/>Quarter<br/>ended<br/>31-Dec17<br/>RM'000</b> | <b>Corresponding<br/>Quarter<br/>ended<br/>31-Dec-16<br/>RM'000</b> |
|---------------------|--|---|
| <b>Company</b>      |  |   |
| i. Subsidiaries:    |  |   |
| - rental income     | 44   | 44  |
| - management income | 450  | 539   |
| - interest income   | 7,287  | 7,287   |
| ii. Related party:  |  |   |
| - interest expense  | 1,505  | -   |
| <b>Group</b>        |  |   |
| i. Related party:   |  |   |
| - charter income    | 8,651  | 22,138  |
| - interest expense  | 1,568  | -   |

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.

- b. Compensation of key management personnel

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

|                              | <b>Current<br/>Quarter<br/>ended<br/>31-Dec-17<br/>RM'000</b> | <b>Corresponding<br/>Quarter<br/>ended<br/>31-Dec-16<br/>RM'000</b> |
|------------------------------|---|---|
| Short-term employee benefits | 214   | 431   |



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**16. Review of Financial Performance**

**Current Year Quarter versus Preceding Year Corresponding Quarter**

|   | <b>Current<br/>Quarter ended<br/>31-Dec-17<br/>RM'000</b> | <b>Corresponding<br/>Quarter ended<br/>31-Dec-16<br/>RM'000</b> | <b>Variance</b> |          |
|---|---|---|-----------------|----------|
|   |   |   | <b>RM'000</b>   | <b>%</b> |
| Revenue   | 33,927  | 47,370  | (13,443)        | (28)     |
| (Loss)/Profit Before Interest and<br>Taxation                             | (31,342)  | 3,717   | (35,059)        | (943)    |
| Loss Before Taxation  | (46,296)  | (11,315)  | (34,981)        | (309)    |
| (Loss)/Profit After Taxation  | (39,548)  | 4,422   | (43,970)        | (994)    |
| (Loss)/Profit Attributable to<br>Ordinary Equity Holders of the<br>Parent | (39,547)  | 4,427   | (43,974)        | (993)    |

For the current quarter ended 31 December 2017, the Group has recorded a revenue of RM33.9 million and a loss before taxation of RM46.3 million, as compared to a revenue of RM47.4 million and a loss before taxation of RM11.3 million in the fourth 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 30%) secured in 2017 and a lower vessel utilization rate of 51% in the fourth quarter of 2017 as compared to 58% in the fourth quarter of 2016. In addition, the loss before taxation in the current quarter has also taken into account expenses such as net realized/unrealized foreign exchange loss of RM19.6 million as well as impairment loss on goodwill of RM10.7 million. The loss after taxation in the current quarter has taken into account current year tax expenses amounting to RM1.2 million and deferred tax income of RM7.9 million (see Note 20).

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|   | <b>Current Year-<br/>to-date ended<br/>31-Dec-17<br/>RM'000</b> | <b>Corresponding<br/>Year-to-date<br/>ended<br/>31-Dec-16<br/>RM'000</b> | <b>Variance</b> |          |
|---|---|--|-----------------|----------|
|   |   |  | <b>RM'000</b>   | <b>%</b> |
| Revenue   | 147,787   | 191,711  | (43,924)        | (23)     |
| (Loss)/Profit Before Interest and<br>Taxation                 | (123,186)   | 26,769   | (149,955)       | (560)    |
| Loss Before Taxation  | (183,435)   | (35,948)   | (147,487)       | (410)    |
| Loss After Taxation   | (181,948)   | (28,046)   | (153,902)       | (549)    |
| Loss Attributable to Ordinary<br>Equity Holders of the Parent | (181,946)   | (28,040)   | (153,906)       | (549)    |

For the financial year ended 31 December 2017, the Group recorded a lower revenue of RM147.8 million and a loss before taxation of RM183.4 million as compared to the revenue of RM191.7 million and loss before taxation of RM35.9 million for the previous year ended 31 December 2016.

The lower revenue recognized is mainly due to lower charter rates (reduced by approximately 30%) secured coupled with lower vessel utilization at 52% for the financial year ended 31 December 2017, as compared to 58% in the corresponding year ended 31 December 2016, resulting from slower work orders/contracts awarded from oil majors notwithstanding the slight recovery in crude oil prices. The Group recorded a higher loss before taxation for the financial year ended 31 December 2017 which is mainly attributed to an impairment loss on PPE of RM47.0 million, impairment loss on goodwill of RM10.7 million, impairment loss on receivables of RM1.4 million as well as a net realized/unrealized foreign exchange loss of RM52.0 million, as compared to a net realized/unrealized foreign exchange gain of RM56.3 million, impairment loss on receivables of RM37.7 million and impairment loss on PPE of RM5.8 million in the preceding year. The loss after taxation in the current year has taken into account both current and prior year tax expenses amounting to RM6.5 million and deferred tax income of RM8.0 million (see Note 20).

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|   | <b>Current<br/>Quarter ended<br/>31-Dec-17<br/>RM'000</b> | <b>Preceding<br/>Quarter ended<br/>30-Sep-17<br/>RM'000</b> | <b>Variance</b> |          |
|---|---|---|-----------------|----------|
|   |   |   | <b>RM'000</b>   | <b>%</b> |
| Revenue   | 33,927  | 49,754  | (15,827)        | (32)     |
| (Loss)/Profit Before Interest and<br>Taxation                 | (31,342)  | 1,102   | (32,444)        | (2,944)  |
| Loss Before Taxation  | (46,296)  | (13,713)  | (32,583)        | (238)    |
| Loss After Taxation   | (39,548)  | (18,853)  | (20,695)        | (110)    |
| Loss Attributable to Ordinary<br>Equity Holders of the Parent | (39,547)  | (18,853)  | (20,694)        | (110)    |

The Group recorded a lower revenue of RM33.9 million and a loss before taxation of RM46.3 million in the current quarter, as compared to a revenue of RM49.8 million and a loss before taxation of RM13.7 million in the preceding quarter.

The decrease in revenue in the current quarter is mainly due to lower vessel utilization at 51% as compared to 70% in the third quarter of 2017. The lower vessel utilization is a result of slower work orders/contracts awarded from the oil majors during the fourth quarter of 2017. On the other hand, the higher loss before taxation incurred in the current quarter is mainly attributed to a net realized/unrealized foreign exchange loss of RM19.6 million, as compared to a net realized/unrealized foreign exchange loss of RM7.9 million in the preceding quarter. The loss after taxation in the current year has taken into account current year tax expenses amounting to RM1.2 million and deferred tax income of RM7.9 million as compared to both current and prior year tax expenses amounted to RM5.3 million recognized in the preceding quarter (see Note 20).

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**18. Prospects**

Generally the market for OSVs for 2017 remained sluggish with fleet utilisation at 52% compared to 58% in 2016. Moreover, vessel charter rates also remained depressed at generally 25% lower compared to most charter rates in 2016. However, going into 2018 it is to be expected that the Group's vessel utilisation rate will improve 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 hovering above USD60 per barrel now, the Board is more optimistic that sentiments should improve going forward.

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

Currently, the issuance of new shares via a private placement ("Proposal") to regularise the public shareholding spread is also on going, all if completed, bodes well for the Group. The proceeds of this corporate exercise once completed will be utilised to pare down bank borrowings and improve the Group's gearing level, reduce its interest expenses, and add financial flexibility to its cash flow management on its operations.

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

The Board remains cautious and vigilant in its pursuit for more longer-term charter opportunities and will continue to exercise due care in the management of the company.

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

|  | Current<br>Quarter<br>Ended<br>31-Dec-17<br>RM'000 | Corresponding<br>Quarter<br>Ended<br>31-Dec-16<br>RM'000 | Current<br>Year-to-date<br>Ended<br>31-Dec-17<br>RM'000 | Corresponding<br>Year-to-date<br>Ended<br>31-Dec-16<br>RM'000 |
|--|--|--|---|---|
| (Loss)/Profit for the quarter is arrived at after charging/(crediting):  |  |  |   |   |
| Depreciation of property, plant and equipment                            | 20,753   | 23,072   | 88,263  | 87,668  |
| Interest expense   | 14,954   | 15,032   | 60,249  | 62,717  |
| (Reversal)/Allowance on impairment loss on property, plant and equipment | (3,431)  | 7,448  | 46,950  | 5,769   |
| Allowance for impairment loss on receivables                             | -  | 37,695   | 1,443   | 37,695  |
| Allowance for impairment loss on goodwill                                | 10,724   | -  | 10,724  | -   |
| Fair value gain on settlement of refundable deposit                      | -  | -  | -   | (1,065)   |
| Gain on disposal of property, plant and equipment                        | (1,625)  | -  | (1,625)   | -   |
| Bad debt written off   | -  | -  | -   | 39  |
| Interest income  | (945)  | (924)  | (2,989)   | (2,203)   |
| Loss/(Gain) on foreign exchange:   |  |  |   |   |
| - realised   | (1,976)  | (7,546)  | 138   | 19,260  |
| - unrealised   | 21,529   | (41,365)   | 51,903  | (75,615)  |

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 year ended 31 December 2017.

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**20. Taxation**

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

|                             | <b>Current<br/>Quarter<br/>Ended<br/>31-Dec-17<br/>RM'000</b> | <b>Corresponding<br/>Quarter<br/>Ended<br/>31-Dec-16 #<br/>RM'000</b> | <b>Current<br/>Year-to-date<br/>Ended<br/>31-Dec-17<br/>RM'000</b> | <b>Corresponding<br/>Year-to-date<br/>Ended<br/>31-Dec-16 #<br/>RM'000</b> |
|-----------------------------|---|---|--|--|
| <b>Current tax expense:</b> |   |   |  |  |
| Malaysian - current year    | (1,151)   | (299)   | (3,645)  | (1,132)  |
| - prior year                | -   | -   | (2,832)  | (7,002)  |
| Foreign - current year      | -   | (72)  | -  | (72)   |
|                             | (1,151)   | (371)   | (6,477)  | (8,206)  |
| <b>Deferred taxation:</b>   |   |   |  |  |
| - current year              | 7,899   | 16,108  | 7,964  | 16,108   |
| <b>Total taxation</b>       | <b>6,748</b>  | <b>15,737</b>   | <b>1,487</b>   | <b>7,902</b>   |

Despite the consolidated losses for the current quarter and financial year to-date, the Group still incurs a current tax charge of RM1.2 million and RM3.6 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.

Deferred tax income of RM7.9 million has been recognized during the financial year ended 31 December 2017 in respect of the temporary differences arising mainly from unutilized tax losses and unrealized foreign exchange losses by certain group entities as sufficient future taxable profits are expected to be available against which the affected group entities can utilize the benefits therefrom.

*# The comparative figures have been adjusted and reclassified to conform with the audited financial statement's presentation.*

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**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.

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.

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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.

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”).



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**21. Corporate Proposals (Cont'd)**

**(i) Public Shareholdings Spread (Cont'd)**

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.

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.

On 7 November 2017, the Company had submitted the additional listing application in relation to the Proposal to Bursa Securities for approval.

On 8 December 2017, Dayang had completed its dividend-in-specie and that 292,229,202 PPB Shares had been credited into the CDS accounts of the entitled shareholders of Dayang. Following the completion of the said dividend-in-specie, the Company’s public spread has been regularized to 20.016%.

Subsequent to the additional listing application submitted on 7 November 2017, Bursa Securities had granted its approval for the listing of and quotation for up to 77,847,094 new PPB Shares on the MMLR, subject to the Company ensuring full compliance of all the requirements as provided under the MMLR at all times.

On 15 December 2017, the Company announced that trading in PPB Shares would resume with effect from 9.00a.m. on 18 December 2017.

Save for the above, there were no other corporate proposals announced but not completed as at 15 February 2018, being the latest practicable date not earlier than 7 days from the date of issue of this interim report.

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**22. Borrowings**

Total Group's borrowings as at 31 December 2017 were as follows:

|                             | As at Current Year Ended 31-Dec-2017 |                |               |                |                  |                |
|-----------------------------|--------------------------------------|----------------|---------------|----------------|------------------|----------------|
|                             | Non-current                          |                | Current       |                | Total borrowings |                |
|                             | USD'000                              | RM'000         | USD'000       | RM'000         | USD'000          | RM'000         |
| <b>Secured</b>              |                                      |                |               |                |                  |                |
| - Sukuk                     | -                                    | -              | -             | 518,798        | -                | 518,798        |
| - Term loans                | -                                    | -              | 20,382        | 82,831         | 20,832           | 82,831         |
| - Finance lease liabilities | 27,935                               | 113,527        | 3,207         | 13,123         | 31,142           | 126,650        |
| <b>Unsecured</b>            |                                      |                |               |                |                  |                |
| - Revolving credit          | -                                    | -              | -             | 6,000          | -                | 6,000          |
| <b>Total</b>                | <b>27,935</b>                        | <b>113,527</b> | <b>23,589</b> | <b>620,752</b> | <b>51,974</b>    | <b>734,279</b> |

Exchange rate (USD: MYR) at USD1: MYR4.0640

Source of reference: Bank Negara Malaysia website

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         |
| <b>Secured</b>              |                                       |                |               |                |                  |                |
| - 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        |
| <b>Unsecured</b>            |                                       |                |               |                |                  |                |
| - Revolving credit          | -                                     | -              | -             | 18,000         | -                | 18,000         |
| <b>Total</b>                | <b>38,820</b>                         | <b>693,089</b> | <b>23,654</b> | <b>202,830</b> | <b>62,474</b>    | <b>895,919</b> |

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

Source of reference: Bank Negara Malaysia website

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**22. Borrowings (Cont'd)**

As at 31 December 2017, the total outstanding borrowings have reduced to RM734.3 million as compared to RM895.9 million as at 31 December 2016 mainly due to a repayment of Sukuk principal amounting to RM90 million.

In addition, the Group has not met certain covenants of three term loans and the Sukuk bond with a total carrying amount of RM601.6 million as at 31 December 2017. As a result, the non-current portions of these term loans and Sukuk bond of RM473.1 million have been reclassified to current liabilities as at 31 December 2017.

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 15 February 2018, 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.

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 disbursement 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.

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**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)**

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.

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.

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**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 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.

On 14 December 2017, the Federal Court had unanimously allowed both of Tengku Dato' Ibrahim bin Tengku Indra Petra and Wong Fook Heng & Tiong Young Kong's appeals ("the Appellants"), with costs in the amount of RM60,000.00 subject to 4% allocator for each appeal, to be paid by the Company to the Appellants. The Federal Court also held that the Court of Appeal's order dated 25 August 2015 to be set aside and that the High Court Judgement dated 21 March 2014 to be reinstated.

**(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.

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**23. Material Litigations (Cont'd)**

**(ii) Arbitration Between Nam Cheong International Limited (Claimant) and Petra Offshore Limited (Respondent) (Cont'd)**

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.

To date, the arbitrators have yet to fix the hearing date.

**24. Proposed Dividends**

No interim dividends have been declared for the financial year ended 31 December 2017.

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

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**25. (Loss)/Earnings Per Share**

**a) Basic**

|  | <b>Current<br/>Quarter<br/>Ended<br/>31-Dec-17</b> | <b>Corresponding<br/>Quarter<br/>Ended<br/>31-Dec-16</b> | <b>Current<br/>Year-to-date<br/>Ended<br/>31-Dec-17</b> | <b>Corresponding<br/>Year-to-date<br/>Ended<br/>31-Dec-16</b> |
|--|--|--|---|---|
| Net (loss)/profit attributable to shareholders (RM'000)        | (39,547)   | 4,427  | (181,946)   | (28,040)  |
| 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)                 | (5.08)   | 0.57   | (23.37)   | (3.60)  |

**b) Diluted**

Diluted earnings/loss per share has not been presented as the Company has no dilutive equity instruments outstanding as at 31 December 2016 and 2017.

*By Order of the Board*

*Bailey Kho Chung Siang  
Executive Director*

*Date: 22 February 2018*