



PERDANA PETROLEUM BERHAD

Company No. 372113-A
(Incorporated in Malaysia)

Interim Report for the Quarter Ended 31 March 2019

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Current Quarter Ended 31-Mar-19 RM'000	Corresponding Quarter Ended 31-Mar-18 RM'000	Current Period-to-date Ended 31-Mar-19 RM'000	Corresponding Period-to-date Ended 31-Mar-18 RM'000
Revenue	25,702	16,776	25,702	16,776
Cost of services	(44,287)	(37,794)	(44,287)	(37,794)
Gross loss	(18,585)	(21,018)	(18,585)	(21,018)
Other income	1,791	1,522	1,791	1,522
Administrative expenses	(2,539)	(2,416)	(2,539)	(2,416)
Other expenses	(79)	(29,844)	(79)	(29,844)
Results from operating activities	(19,412)	(51,756)	(19,412)	(51,756)
Finance costs	(13,263)	(14,294)	(13,263)	(14,294)
Loss before tax	(32,675)	(66,050)	(32,675)	(66,050)
Taxation	(266)	(605)	(266)	(605)
Loss for the period	(32,941)	(66,655)	(32,941)	(66,655)
<i>Other comprehensive expense</i>				
Foreign currency translation	(15,317)	(23,242)	(15,317)	(23,242)
Cash flow hedge	(78)	(37)	(78)	(37)
Total comprehensive expense for the period attributable to Owners of the Company	(48,336)	(89,934)	(48,336)	(89,934)
Loss for the period attributable to:				
Owners of the Company	(32,941)	(66,655)	(32,941)	(66,655)
Non-controlling interests	-	- *	-	- *
	(32,941)	(66,655)	(32,941)	(66,655)
Total comprehensive expense/(income) for the period attributable to:				
Owners of the Company	(48,338)	(89,937)	(48,338)	(89,937)
Non-controlling interests	2	3	2	3
	(48,336)	(89,934)	(48,336)	(89,934)
Loss per share (Sen)				
a) Basic	(4.23)	(8.56)	(4.23)	(8.56)
b) Diluted	(4.23)	(8.56)	(4.23)	(8.56)

* Negligible

(The 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 2018)

PERDANA PETROLEUM BERHAD

(Company No. 372113 - A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER

ENDED 31 MARCH 2019

STATEMENT OF FINANCIAL POSITION

	(Unaudited) 31-Mar-19 RM'000	(Audited) 31-Dec-18 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,173,973	1,208,043
Refundable deposits	45,828	46,043
Deferred tax assets	25,559	25,559
Derivative asset	-	78
	<u>1,245,360</u>	<u>1,279,723</u>
CURRENT ASSETS		
Inventories	1,802	2,408
Trade receivables - external parties	17,169	24,604
Trade receivables - related company	4,066	22,354
Other receivables, deposits and prepayments	7,047	6,532
Current tax assets	2,528	2,771
Cash and cash equivalents	45,866	36,545
	<u>78,478</u>	<u>95,214</u>
TOTAL ASSETS	<u>1,323,838</u>	<u>1,374,937</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	411,219	411,219
Reserves	1,148	49,486
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>412,367</u>	<u>460,705</u>
Non-controlling interests	138	136
TOTAL EQUITY	<u>412,505</u>	<u>460,841</u>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	3,437	3,437
	<u>3,437</u>	<u>3,437</u>
CURRENT LIABILITIES		
Loans and borrowings	632,568	633,252
Trade payables - external parties	23,531	34,982
Trade payables - related company	782	-
Other payables - external parties	41,935	35,712
Other payables - related company	209,009	206,713
Current tax liabilities	71	-
	<u>907,896</u>	<u>910,659</u>
TOTAL LIABILITIES	<u>911,333</u>	<u>914,096</u>
TOTAL EQUITY AND LIABILITIES	<u>1,323,838</u>	<u>1,374,937</u>
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)	0.53	0.59

(The Statement of Financial Position should be read in conjunction
with the audited financial statements of the Group for the financial year ended 31 December 2018)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
 ENDED 31 MARCH 2019**

STATEMENT OF CASH FLOWS

	(Unaudited)	(Audited)
	Period Ended	Year Ended
	31-Mar-19	31-Dec-18
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(32,675)	(38,921)
<i>Adjustments for:</i>		
Reversal of impairment loss on property, plant and equipment	-	(6,705)
Impairment loss on receivables	-	297
Depreciation of property, plant and equipment	20,147	80,282
Interest expense	13,263	56,509
Interest income	(704)	(2,526)
Unrealised (gain)/loss on foreign exchange	(1,039)	5,828
Operating (loss)/profit before changes in working capital	(1,008)	94,764
<i>Changes in working capital:</i>		
Inventories	606	(54)
Trade and other receivables, deposits and prepayments	24,859	(25,787)
Trade and other payables	(19,713)	11,020
Cash generated from operations	4,744	79,943
Income tax refund/(paid)	17,295	(3,333)
Net cash from operating activities	22,039	76,610
Cash flows for investing activities		
Interest received	274	1,418
Purchase of property, plant and equipment	(2,503)	(14,063)
(Placement)/Withdrawal of fixed deposits pledged	(5,455)	49,612
Net cash (used in)/from investing activities	(7,684)	36,967

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
 ENDED 31 MARCH 2019**

STATEMENT OF CASH FLOWS

	(Unaudited)	(Audited)
	Period Ended	Year Ended
	31-Mar-19	31-Dec-18
	RM'000	RM'000
Cash flows from financing activities		
Net advances from a related company	-	56,000
Repayment of sukuk bonds	-	(90,000)
Repayment of term loans	-	(16,389)
Repayment of revolving credit	-	(4,000)
Repayment of finance lease liability obligations	-	(4,335)
Interest paid	(8,586)	(12,825)
Coupon paid	-	(23,794)
Net cash used in financing activities	<u>(8,586)</u>	<u>(95,343)</u>
Net increase in cash and cash equivalents	5,769	18,234
Effect of exchange rate movements	(1,903)	(9,081)
Cash and cash equivalents at the beginning of the financial period/year	30,462	21,309
Cash and cash equivalents at the end of the financial period/year	<u>34,328</u>	<u>30,462</u>
Cash and cash equivalents		
Deposits placed with licensed banks	40,199	33,769
Cash on hand and at banks	5,667	2,776
	<u>45,866</u>	<u>36,545</u>
Less: Deposits pledged as security	(11,538)	(6,083)
	<u>34,328</u>	<u>30,462</u>

**(The Statement of Cash Flows should be read in conjunction
 with the audited financial statements of the Group for the financial year ended 31 December 2018)**

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							Total Equity RM'000
	Non-distributable			Distributable				
	Share Capital RM'000	Cash Flow Hedge Reserve RM'000	Other Capital Reserve RM'000	Translation Reserve RM'000	Retained Profits/ Accumulated losses RM'000	Sub- Total RM'000	Non- Controlling Interest RM'000	
Financial period ended 31 March 2019 (Unaudited)								
As at 1 January 2019	411,219	78	1,635	82,377	(34,604)	460,705	136	460,841
Total comprehensive expense for the period	-	(78)	-	(15,319)	(32,941)	(48,338)	2	(48,336)
Balance as at 31 March 2019	411,219	-	1,635	67,058	(67,545)	412,367	138	412,505
Financial year ended 31 December 2018 (Audited)								
As at 1 January 2018	411,219	233	1,635	75,090	6,306	494,483	136	494,619
Total comprehensive expense for the year	-	(155)	-	7,287	(40,910)	(33,778)	- *	(33,778)
Balance as at 31 December 2018	411,219	78	1,635	82,377	(34,604)	460,705	136	460,841

* *Negligible*

(The 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 2018)

PERDANA PETROLEUM BERHAD

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2019**

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 2018. 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 2018.

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 2018, except for the adoption of the following Accounting Standards, Amendments and Interpretations from 1 January 2019:

MFRS / Amendments / Interpretations	Effective Date
MFRS 16, <i>Leases</i>	1 January 2019
IC Interpretation 23, <i>Uncertainty over Income Tax Treatments</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 Improvement 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 119, <i>Employee Benefits-Plan Amendment, Curtailment or Settlement</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 Associate and Joint Ventures - Long-term Interests in Associates and Joint Ventures</i>	1 January 2019

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

INTERIM FINANCIAL REPORT FOR THE FIRST 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

MFRS / Amendments / Interpretations	Effective Date
Amendments to MFRS 3, <i>Business Combinations – Definition of Business</i>	1 January 2020
Amendments to MFRS 101, <i>Presentation of Financial Statements</i> and MFRS 108, <i>Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material</i>	1 January 2020
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

The Group plans to apply from the annual period beginning on 1 January 2020, those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2020.

MFRS 17, *Insurance Contracts*, which is effective for the annual periods beginning on 1 January 2021, is not applicable to the Group.

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.

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 2018.

4. Seasonal or Cyclical Factors

Due to its synergistic tie-up with Dayang, between a quarter and a half of the Group's vessel fleet hired out normally 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.

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
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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 other income / expenses and other comprehensive income / expenses arising from realised / unrealised foreign exchange gain/loss and foreign currency translation of investment in Labuan subsidiaries denominated in US Dollars.

During the current quarter and financial period to-date, the other income comprises unrealised foreign exchange gain of RM1.0 million whereas the other comprehensive expenses include foreign currency translation loss of RM15.3 million.

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 has become part of the Company's share capital. The Company had 24 months upon the commencement of the Companies Act 2016 on 31 January 2017 to utilise the credit. Included in the share capital is share premium amounting to RM22.0 million that has not been utilised within the period for utilisation which expired on 30 January 2019.

8. Dividends Paid

No dividend has been declared or paid for the financial year ended 31 December 2018 and the quarter ended 31 March 2019.

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2019****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134****9. Segmental Information**

	Marine Offshore Support Services	
	Current Quarter/ Period-to-date Ended 31-Mar-19 RM'000	Corresponding Quarter/ Period-to-date Ended 31-Mar-18 RM'000
Segment loss	(22,927)	(32,376)
<i>Included in the measure of segment loss are:</i>		
Revenue from external customers	25,702	16,776
Inter-segment revenue	64,955	61,557
Depreciation and amortization	(20,113)	(19,638)
Finance costs	(3,084)	(10,578)
Unrealised foreign exchange loss	(2)	(3)
Segment assets	1,259,563	1,281,493
Reconciliation of reportable segment revenues, profit or loss, assets and other material items		
Profit or loss		
Total loss for reportable segments	(22,927)	(32,376)
Other non-reportable segments	(10,788)	(4,262)
Elimination of inter-segment profit / (loss)	1,040	(29,412)
Consolidated loss before tax	(32,675)	(66,050)

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

9. Segmental Information (Cont'd)

	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Segment assets RM'000
Current Quarter/Period-to-date Ended 31 March 2019				
Total reportable segments	25,702	(20,113)	(3,084)	1,259,563
Other non-reportable segments	-	(34)	(10,179)	927,089
Elimination of inter-segment transactions or balances	-	-	-	(862,814)
Consolidated total	<u>25,702</u>	<u>(20,147)</u>	<u>(13,263)</u>	<u>1,323,838</u>

	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Segment assets RM'000
Corresponding Quarter/Period- to-date Ended 31 March 2018				
Total reportable segments	16,776	(19,638)	(10,578)	1,281,493
Other non-reportable segments	-	(50)	(10,875)	1,029,296
Elimination of inter-segment transactions or balances	-	-	7,159	(935,027)
Consolidated total	<u>16,776</u>	<u>(19,688)</u>	<u>(14,294)</u>	<u>1,375,762</u>

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2019****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134****10. Revenue****10.1 Disaggregation of Revenue**

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers, except for immaterial amounts related to hedge accounting.

In the following table, revenue is disaggregated by service line and timing of revenue recognition.

	Current Quarter Ended 31-Mar-19 RM'000	Corresponding Quarter Ended 31-Mar-18 RM'000
Major service line		
Vessel charter income	25,210	16,539
Others	492	237
	<u>25,702</u>	<u>16,776</u>
Timing of recognition		
Over time	25,210	16,539
At a point in time	492	237
	<u>25,702</u>	<u>16,776</u>

10.2 Nature of services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms
Charter of vessels	Revenue is recognised over time as and when the charter services are performed using the cost incurred method.	Credit periods of 30 to 45 days from invoice date.

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

The Group reassessed its assets (except for inventories, deferred tax assets and financial assets) as at 31 March 2019 to determine whether there is any indication of further impairment to the assets or if there is any reversal of impairment previously provided.

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

11. Valuation of Property, Plant and Equipment (“PPE”) (Cont’d)

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 March 2019, there were no further allowance for impairment loss nor reversal of impairment loss on PPE. The Group’s accumulated impairment loss remained at USD12.5 million (equivalent to RM51.7 million) as at 31 March 2019 and 31 December 2018.

12. Material Events Subsequent to the Reporting Period

There were no material events subsequent to the current financial quarter ended 31 March 2019 up to the date of this report which is likely to substantially affect the financial results of the Group.

13. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter ended 31 March 2019.

14. Contingent Liabilities

The following are the contingent liabilities outstanding as at 31 March 2019:

	As at 31-Mar-19	
	Group RM'000	Company RM'000
<u>Unsecured:-</u>		
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	-	190,503

Further to the conclusion of a tax audit conducted for year of assessment (“YA”) 2007 to YA 2010, 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 disagrees 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 May 2019, the Group has not received any response from the IRB to its reply of February 2017.

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2019****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134****15. Capital Commitments**

As at 31 March 2019, the Group has no outstanding or additional capital commitments which are approved and/or contracted for.

16. Significant Related Party Transactions

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

Company	Current Quarter Ended 31-Mar-19 RM'000	Corresponding Quarter Ended 31-Mar-18 RM'000
i. Subsidiaries:		
- rental income	-	44
- management income	369	381
- interest income	-	7,159
ii. Related party:		
- interest expense	2,661	1,908
- rental expense	15	-
Group		
i. Related party:		
- vessel charter income	3,316	6,886
- interest expense	2,661	1,969
- rental expense	85	-

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.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

16. 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 31-Mar-19 RM'000	Corresponding Quarter Ended 31-Mar-18 RM'000
Short-term employee benefits	269	220

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2019****PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****17. Review of Financial Performance****Current Year Quarter versus Preceding Year Corresponding Quarter**

	Current Quarter Ended 31-Mar-19 RM'000	Corresponding Quarter Ended 31-Mar-18 RM'000	Variance	
			RM'000	%
Revenue	25,702	16,776	8,926	35
Loss Before Interest and Tax	(19,412)	(51,756)	32,344	167
Loss Before Tax	(32,675)	(66,050)	33,375	102
Loss After Tax	(32,941)	(66,655)	33,714	102
Loss Attributable to Ordinary Equity Holders of the Parent	(32,941)	(66,655)	33,714	102

For the current quarter ended 31 March 2019, the Group has recorded a higher revenue of RM25.7 million and a lower loss before tax of RM32.7 million, as compared to a revenue of RM16.8 million and a loss before tax of RM66.1 million in the first quarter of 2018.

The increase in revenue and the lower loss before tax achieved in the current quarter is mainly attributable to higher vessel utilisation at 36% as compared to 27% in the first quarter of 2018. In addition, the loss before tax in the current quarter has also taken into account a net realised / unrealised foreign exchange gain of RM1.1 million, as compared to a net realised / unrealised foreign exchange loss of RM28.5 million that have been provided in the corresponding quarter. The loss after tax in the current quarter has taken into account tax expenses amounting to RM0.3 million (see Note 21).

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REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****18. Financial Review for Current Quarter Compared with Immediate Preceding Quarter**

	Current Quarter Ended 31-Mar-19 RM'000	Preceding Quarter Ended 31-Dec-18 RM'000	Variance	
			RM'000	%
Revenue	25,702	64,076	(38,374)	(149)
(Loss)/Profit Before Interest and Tax	(19,412)	22,172	(41,584)	(214)
(Loss)/Profit Before Tax	(32,675)	8,303	(40,978)	(125)
(Loss)/Profit After Tax	(32,941)	9,115	42,056	(128)
(Loss)/Profit Attributable to Ordinary Equity Holders of the Parent	(32,941)	9,115	42,056	(128)

The Group recorded a revenue of RM25.7 million and a loss before tax of RM32.7 million in the current quarter, as compared to a revenue of RM64.1 million and a profit before tax of RM8.3 million in the preceding quarter.

The significant decrease in revenue in the current quarter is mainly due to lower vessel utilisation at 36% as compared to 73% in the fourth quarter of 2018. The lower vessel utilisation is a result of slower work orders/contracts awarded from the oil majors during the first quarter of 2019. In addition, the profit before tax in the preceding quarter has taken into account reversal of impairment loss on PPE of RM19.6 million.

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

19. Prospects

While Perdana Petroleum reported losses for the first quarter of 2019, this came as no surprise as our chartering business is typically negatively affected by the inclement weather at the beginning of the year. Nevertheless, we are encouraged by the year-on-year improvement in our financial performance in the first quarter of 2019 which has seen a marked reduction in the losses.

Despite the seasonally slower quarter, our quarterly revenue grew by 35% year-on-year as our vessel utilisation improved to 36% as compared to 27% in the first quarter of 2018. We believe that the ramp-up of work orders and the increase in charter contracts in the subsequent quarters will bode well for our vessel utilisation and help us to attain better profitability for the current financial year.

Going by the work schedule for our major shareholder, Dayang group which is also our key client, we expect a robust activity level to be sustained for the remaining of 2019 which will result in higher demand for our vessels, thanks to the high number of vessels that have been earmarked for Dayang's offshore maintenance and hook-up contracts with various oil majors.

We believe 2019 will be an inflection point for Perdana to turn around its business after weathering various challenges over the past few years. We believe that our streamlined operations and the synergistic collaboration with Dayang group will help us to emerge stronger going forward.

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

20. Loss for the Quarter / Period

Current Quarter Ended 31-Mar-19 RM'000	Corresponding Quarter Ended 31-Mar-18 RM'000	Current Period-to-date Ended 31-Mar-19 RM'000	Corresponding Period-to-date Ended 31-Mar-18 RM'000
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**Loss for the quarter / period is
arrived at after charging /
(crediting):**

Depreciation of property, plant and equipment	20,147	19,688	20,147	19,688
Interest expense	13,263	14,294	13,263	14,294
Impairment loss on receivables	-	297	-	297
Interest income	(704)	(620)	(704)	(620)
(Gain) / Loss on foreign exchange:				
- realised	(48)	(902)	(48)	(902)
- unrealised	(1,039)	29,417	(1,039)	29,417

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 31 March 2019.

21. Taxation

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

	Current Quarter Ended 31-Mar-19 RM'000	Corresponding Quarter Ended 31-Mar-18 RM'000	Current Period-to-date Ended 31-Mar-19 RM'000	Corresponding Period-to-date Ended 31-Mar-18 RM'000
Current tax expense:				
Malaysian - current year	266	605	266	605

Despite the consolidated losses for the current quarter and financial period to-date, the Group still incurs a current tax charge of RM0.3 million as the losses incurred by certain group entities cannot be offset against the taxable profits made by other group entities.

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22. Corporate Proposals

(i) Corporate Debt Restructuring Committee (“CDRC”)

On 4 July 2018, the Company announced that the Corporate Debt Restructuring Committee (“CDRC”) of Bank Negara Malaysia has granted approval on the Company’s application for assistance to mediate between the Company and some of its subsidiaries (the “Applicant Company/Companies”) with their financial institutions and Sukukholders (the “Lenders”).

This admission to CDRC is consistent with the Company’s strategy to streamline its operations and optimise its financial resources to focus on and proactively enhance its offshore marine support services segment. It is a follow-on from the Company’s previous successful cost rationalisation initiative which has had a positive impact on the Company’s financials.

The Company received approval from CDRC on 2 July 2018 (“CDRC Approval Letter”) subject to the following conditions:

- a) The Company is required to submit a Proposed Debt Restructuring Scheme (“PDRS”) within sixty (60) days from the date of the CDRC Approval Letter;
- b) The Company’s admission is limited to twelve (12) months or upon signing of a debt restructuring agreement, whichever is earlier; and
- c) The PDRS must comply with the CDRC’s restructuring principles for the Company to continue to remain under the Standstill arrangement with the Lenders.

The Standstill Letter was issued by CDRC to the Lenders of the Applicant Companies on 2 July 2018.

CDRC, which is under the purview of Bank Negara Malaysia, will mediate between Applicant Companies and their respective Financiers to renegotiate their respective financing facilities that can be sustained in the face of this challenging period for the oil and gas industry, in line with the above conditions. This successful mediation would enable the Companies to be better positioned to raise new financing and capital in the future and sustain their operations and underlying viability going forward.

The Company is exploring various options for the PDRS, including but not limited to extension of tenure of borrowings, disposal of assets, special issue or placement of shares and rights issue.

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On 30 August 2018, the Company has sought an extension of time of thirty (30) days to submit the PDRS from 1 September 2018.

On 10 October 2018, the Company has conducted its first CDRC meeting and presented a draft PDRS to the Lenders. Subsequently on 15 November 2018, a second CDRC meeting has taken place to provide further updates and details of the debt restructuring scheme.

On 28 January 2019, a third CDRC meeting is held to provide milestone updates and proposed scheme enhancement to all Lenders.

Further details on the debt restructuring option agreeable to the Lenders will be provided at the appropriate time. Barring any unforeseen circumstances, the CDRC program is expected to complete within 18 months from the date of admission, i.e, 2 July 2018.

Save for the above, there were no other corporate proposals announced but not completed as at 15 May 2019, being the latest practicable date not earlier than 7 days from the date of issue of this interim report.

23. Borrowings

Total Group’s borrowings as at 31 March 2019 were as follows:

	As at Current Period Ended 31-Mar-2019					
	Non-current		Current		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
- Sukuk	-	-	-	440,544	-	440,544
- Term loans	-	-	16,424	67,058	16,424	67,058
- Finance lease liabilities	-	-	30,117	122,966	30,117	122,966
Unsecured						
- Revolving credit	-	-	-	2,000	-	2,000
Total	-	-	46,541	632,568	46,541	632,568

Exchange rate (USD: MYR) at USD1: MYR4.083

Source of reference: Bank Negara Malaysia website

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23. Borrowings (Cont'd)

Total Group's borrowing as at 31 December 2018 were as follows:

	As at Previous Year Ended 31-Dec-2018					
	Non-current		Current		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
- Sukuk	-	-	-	438,528	-	438,528
- Term loans	-	-	16,424	68,011	16,424	68,011
- Finance lease liabilities	-	-	30,117	124,713	30,117	124,713
Unsecured						
- Revolving credit	-	-	-	2,000	-	2,000
Total	-	-	46,541	633,252	46,541	633,252

Exchange rate (USD: MYR) at USD1: MYR4.141

Source of reference: Bank Negara Malaysia website

As at 31 March 2019, the total outstanding borrowings is RM632.6 million as compared to RM633.3 million as at 31 December 2018. Effective 2 July 2018, upon the issuance of the Standstill Letter by CDRC [refer Note 22(i)], the Group has not made any principal repayment that has fallen due up to 31 March 2019.

In addition, the Group has not met certain covenants of two term loans and the Sukuk bond with a total carrying amount of RM483.1 million as at 31 March 2019. As a result, the non-current portions of these term loans and Sukuk bond of RM360.4 million remained being classified as current liabilities as at 31 March 2019.

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.

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24. Material Litigations

Save for the following, there were no material litigations involving the Group since the last financial year ended 31 December 2018 up to 15 May 2019, being the latest practicable date not earlier than 7 days from the date of issue of this interim report.

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 ("T AFC") 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 the Company on 10 September 2009 and the divestment of 48,800,000 ordinary shares of RM0.50 each in PEB by the Company as conducted by 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 disgorgement and costs.

On 7 September 2012, the Company filed notices of discontinuance pursuant to a negotiated settlement with TASB, Yap Hock Heng and T AFC, 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 RM2.8 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.

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24. Material Litigations (Cont'd)

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

- (i) the Company's appeal was allowed with costs against Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra, Wong Fook Heng and Tiong Young Kong;
- (ii) the Company's appeal was dismissed with costs against Lee Mee Jiong; and
- (iii) 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 Petra Bin Tengku Indra Petra, Wong Fook Heng and 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 had on 1 March 2016 allowed the leave applications by the Applicants and the Applicants proceeded with the filing of the appeal papers for Case Management.

On 10 October 2016, Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra's, Wong Fook Heng's and Tiong Young Kong's appeals against the Company were partially heard by the Federal Court. The Federal Court fixed 18 October 2016 for the continued hearing which however did 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 had 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 Petra Bin Tengku Indra Petra and Wong Fook Heng & Tiong Young Kong's appeals ("the Appellants"), with costs in the amount of RM60,000 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.

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24. Material Litigations (Cont'd)

On 6 February 2018, the Company received an instruction letter from the Appellants' solicitor to pay a sum of approximately RM459,000. The Company had fully settled the sum accordingly.

On 8 March 2018, the Company received another instruction letter from the solicitor of Wong Fook Heng and Tiong Young Kong to pay a sum of approximately RM112,400. The Company had fully settled the sum accordingly.

On 3 September 2018, the Industrial Court via a deed of release and settlement informed Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra and the Company, of a sum of RM500,000 to be paid by the latter to the former to resolve and fully settle out of court, all matters in connection to the Claim.

Subsequent to the final settlement of the suit, Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra, Wong Fook Heng and Tiong Young Kong filed a claim for indemnification of legal fees they have incurred in defending the prior suits (and the appeals emanated therefrom) brought by the Company against them. The hearing was partially heard by the High Court on 29 March 2019. To date, the High Court has yet to fix the continued hearing date.

25. 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 2018.

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	Current Quarter Ended 31-Mar-19	Corresponding Quarter Ended 31-Mar-18	Current Period-to-date Ended 31-Mar-19	Corresponding Period-to-date Ended 31-Mar-18
Net loss attributable to shareholders (RM'000)	(32,941)	(66,655)	(32,941)	(66,655)
Number of ordinary shares at the beginning of the quarter/period	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 per ordinary share (Sen)	(4.23)	(8.56)	(4.23)	(8.56)

b) Diluted

Diluted loss per share has not been presented as the Company has no dilutive equity instruments outstanding as at 31 March 2018 and 2019.

By Order of the Board

*Bailey Kho Chung Siang
Executive Director*

Date: 21 May 2019