



PERDANA PETROLEUM BERHAD

**Company No. 372113-A
(Incorporated in Malaysia)**

Interim Report for the Quarter Ended 31 March 2020

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Current Quarter Ended 31-Mar-20 RM'000	Corresponding Quarter Ended 31-Mar-19 RM'000	Current Period-to-date Ended 31-Mar-20 RM'000	Corresponding Period-to-date Ended 31-Mar-19 RM'000
Revenue	59,664	25,702	59,664	25,702
Cost of services	(52,531)	(44,287)	(52,531)	(44,287)
Gross profit/(loss)	7,133	(18,585)	7,133	(18,585)
Other income	79	1,087	79	1,087
Administrative expenses	(1,836)	(2,539)	(1,836)	(2,539)
Other expenses	(15,356)	(79)	(15,356)	(79)
Results from operating activities	(9,980)	(20,116)	(9,980)	(20,116)
Finance income	361	704	361	704
Finance costs	(3,688)	(13,263)	(3,688)	(13,263)
Net finance costs	(3,327)	(12,559)	(3,327)	(12,559)
Loss before tax	(13,307)	(32,675)	(13,307)	(32,675)
Taxation	(594)	(266)	(594)	(266)
Loss for the period	(13,901)	(32,941)	(13,901)	(32,941)
<i>Other comprehensive income/(expense)</i>				
Foreign currency translation	55,224	(15,317)	55,224	(15,317)
Cash flow hedge	-	(78)	-	(78)
Total comprehensive income/(expense) for the period attributable to Owners of the Company	41,323	(48,336)	41,323	(48,336)
Loss for the period attributable to:				
Owners of the Company	(13,901)	(32,941)	(13,901)	(32,941)
Non-controlling interests	- *	-	- *	-
	(13,901)	(32,941)	(13,901)	(32,941)
Total comprehensive income/(expense) for the period attributable to:				
Owners of the Company	41,326	(48,338)	41,326	(48,338)
Non-controlling interests	(3)	2	(3)	2
	41,323	(48,336)	41,323	(48,336)
Loss per share (Sen)				
a) Basic	(0.87)	(4.23)	(0.87)	(4.23)
b) Diluted	N/A	N/A	N/A	N/A

* 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 2019)

PERDANA PETROLEUM BERHAD

(Company No. 372113 - A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER

ENDED 31 MARCH 2020

STATEMENT OF FINANCIAL POSITION

	(Unaudited) 31-Mar-20 RM'000	(Audited) 31-Dec-19 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,166,785	1,139,953
Deposits	12,000	12,000
Deferred tax assets	17,833	17,833
	<u>1,196,618</u>	<u>1,169,786</u>
CURRENT ASSETS		
Inventories	2,249	1,689
Trade receivables - external parties	24,465	32,659
Trade receivables - related company	27,161	21,946
Other receivables, deposits and prepayments	13,319	29,245
Current tax assets	3,062	2,636
Cash and cash equivalents	60,339	37,561
	<u>130,595</u>	<u>125,736</u>
TOTAL ASSETS	<u>1,327,213</u>	<u>1,295,522</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	874,692	411,219
Redeemable convertible preference shares	10,506	473,979
Reserves	55,795	14,469
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>940,993</u>	<u>899,667</u>
Non-controlling interests	133	136
TOTAL EQUITY	<u>941,126</u>	<u>899,803</u>
NON-CURRENT LIABILITIES		
Loans and borrowings	102,954	103,290
Deferred tax liabilities	3,277	3,277
	<u>106,231</u>	<u>106,567</u>
CURRENT LIABILITIES		
Loans and borrowings	22,027	22,397
Trade payables - external parties	30,778	32,153
Other payables - external parties	13,793	16,598
Other payables - related company	212,065	216,876
Current tax liabilities	1,193	1,128
	<u>279,856</u>	<u>289,152</u>
TOTAL LIABILITIES	<u>386,087</u>	<u>395,719</u>
TOTAL EQUITY AND LIABILITIES	<u>1,327,213</u>	<u>1,295,522</u>
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)	0.42	0.40

(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 2019)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
 ENDED 31 MARCH 2020**

STATEMENT OF CASH FLOWS

	(Unaudited) Period Ended 31-Mar-20 RM'000	(Audited) Year Ended 31-Dec-19 RM'000
Cash flows from operating activities		
Loss before tax	(13,307)	(12,381)
<i>Adjustments for:</i>		
Impairment loss/(Reversal) on property, plant and equipment	10,903	(11,945)
Depreciation of property, plant and equipment	19,964	80,797
Finance costs	3,688	55,200
Finance income	(361)	(22,564)
Unrealised loss/(gain) on foreign exchange	4,303	(1,564)
Operating profit before changes in working capital	25,190	87,543
<i>Changes in working capital:</i>		
Inventories	(560)	719
Trade and other receivables, deposits and prepayments	10,995	(11,485)
Trade and other payables	(877)	(20,622)
Cash generated from operations	34,748	56,155
Income tax paid	(1,013)	(1,794)
Net cash from operating activities	33,735	54,361
Cash flows for investing activities		
Interest received	361	871
Purchase of property, plant and equipment	(1,393)	(13,016)
Withdrawal of fixed deposits pledged	-	6,083
Net cash used in investing activities	(1,032)	(6,062)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
 ENDED 31 MARCH 2020**

STATEMENT OF CASH FLOWS

	(Unaudited)	(Audited)
	Period Ended	Year Ended
	31-Mar-20	31-Dec-19
	RM'000	RM'000
Cash flows from financing activities		
Repayment/(Advances) to a related company	(6,810)	455,000
(Repayment)/Drawdown of term loan - Islamic	(196)	10,200
Repayment of Sukuk	-	(445,247)
Repayment of secured term loans	(4,487)	(13,669)
Repayment of revolving credits	(1,748)	(252)
Security deposit paid	-	(12,000)
Interest paid	(1,668)	(12,746)
Coupon paid	-	(24,267)
Net cash used in financing activities	<u>(14,909)</u>	<u>(42,981)</u>
Net increase in cash and cash equivalents	17,794	5,318
Effect of exchange rate movements	4,984	1,781
Cash and cash equivalents at the beginning of the financial period/year	37,561	30,462
Cash and cash equivalents at the end of the financial period/year	<u>60,339</u>	<u>37,561</u>
Cash and cash equivalents		
Deposits placed with licensed banks	49,034	19,867
Cash on hand and at banks	11,305	17,694
	<u>60,339</u>	<u>37,561</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 2019)**

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							Non-Controlling Interest	Total Equity
	[----- Non-distributable -----]								
	Ordinary Share Capital	Redeemable Convertible Preference Shares	Cash Flow Hedge Reserve	Other Capital Reserve	Translation Reserve	Accumulated losses	Sub-Total	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial period ended 31 March 2020 (Unaudited)									
As at 1 January 2020	411,219	473,979	-	1,635	70,442	(57,608)	899,667	136	899,803
Conversion of redeemable convertible preference shares	463,473	(463,473)	-	-	-	-	-	-	-
Total comprehensive expense for the period	-	-	-	-	55,227	(13,901)	41,326	(3)	41,323
Balance as at 31 March 2020	874,692	10,506	-	1,635	125,669	(71,509)	940,993	133	941,126
Financial year ended 31 December 2019 (Audited)									
As at 1 January 2019	411,219	-	78	1,635	82,377	(34,604)	460,705	136	460,841
Issuance of redeemable convertible preference shares	-	473,979	-	-	-	-	473,979	-	473,979
Total comprehensive expense for the year	-	-	(78)	-	(11,935)	(23,004)	(35,017)	- *	(35,017)
Balance as at 31 December 2019	411,219	473,979	-	1,635	70,442	(57,608)	899,667	136	899,803

* *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 2019)

PERDANA PETROLEUM BERHAD

(Company No: 372113-A)
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2020**

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 2019. 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 2019.

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 2019, except for the adoption of the following Accounting Standards, Amendments and Interpretations from 1 January 2020:

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
Amendments to MFRS 9, <i>Financial Instruments</i> , MFRS 139, <i>Financial Instruments: Recognition and Measurement</i> and MFRS 7, <i>Financial Instruments: Disclosures – Interest Rate Benchmark Reform</i>	1 January 2020

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

PERDANA PETROLEUM BERHAD

(Company No: 372113-A)
(Incorporated in Malaysia)



**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2020**

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
MFRS 17, <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 101, <i>Presentation of Financial Statements – Classification of Liabilities as Current or Non-current</i>	1 January 2022
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 2022, those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2022.

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 2019.

4. Seasonal or Cyclical Factors

Due to its synergistic tie-up with Dayang Enterprise Holdings Bhd. (“Dayang”), the ultimate holding company, about one third of the Group’s vessel fleet hired out is 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
ENDED 31 MARCH 2020**

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 as well as impairment loss on property, plant and equipment (“PPE”).

During the current quarter and financial period to-date, other expenses comprise net realised/unrealised foreign exchange loss of RM4.4 million whereas other comprehensive income includes foreign currency translation gain of RM55.2 million.

In addition, the Group has made an additional allowance for impairment loss on PPE of USD2.5 million (equivalent to RM10.9 million) (see Note 11) during the current quarter under review and financial period to-date.

6. Material Changes in Estimates

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

7. Issuance and Repayment of Debts and Equity Securities

There have been no cancellation, repurchase, resale and repayment of debts and equity securities in the current quarter and financial period to-date other than the conversion of 1,426,069,078 Redeemable Convertible Preference Shares (“RCPS”) into new ordinary shares at a conversion ratio of 1 RCPS : 1 ordinary share of the Company. The conversion price of RM0.325 per share is the same as the issue price of the RCPS.

8. Dividends Paid

No dividend has been declared or paid for the financial year ended 31 December 2019 and the quarter ended 31 March 2020.

PERDANA PETROLEUM BERHAD

(Company No: 372113-A)
(Incorporated in Malaysia)



**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2020**

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

9. Segmental Information

	Marine Offshore Support Services	
	Current Quarter/ Period-to-date Ended 31-Mar-20 RM'000	Corresponding Quarter/ Period-to-date Ended 31-Mar-19 RM'000
Segment loss	(6,809)	(22,927)
<i>Included in the measure of segment loss are:</i>		
Revenue from external customers	59,664	25,702
Inter-segment revenue	74,187	64,955
Depreciation and amortization	(19,933)	(20,113)
Impairment loss on property, plant and equipment	(10,903)	-
Finance costs	(1,044)	(3,084)
Finance income	153	647
Unrealised foreign exchange gain/(loss)	7	(2)
Segment assets	1,218,779	1,259,563
Reconciliation of reportable segment revenues, profit or loss, assets and other material items		
Profit or loss		
Total loss for reportable segments	(6,809)	(22,927)
Other non-reportable segments	(2,188)	(10,788)
Elimination of inter-segment (loss) / profit	(4,310)	1,040
Consolidated loss before tax	(13,307)	(32,675)

PERDANA PETROLEUM BERHAD

(Company No: 372113-A)
(Incorporated in Malaysia)



**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2020**

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

9. Segmental Information (Cont'd)

Current Quarter/ Period-to-date Ended 31 March 2020	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000
Total reportable segments	59,664	(19,933)	(1,044)	153	1,218,779
Other non-reportable segments	-	(31)	(2,644)	208	907,139
Elimination of inter- segment transactions or balances	-	-	-	-	(798,705)
Consolidated total	59,664	(19,964)	(3,688)	361	1,327,213

Corresponding Quarter/ Period-to-date Ended 31 March 2019	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000
Total reportable segments	25,702	(20,113)	(3,084)	647	1,259,563
Other non-reportable segments	-	(34)	(10,179)	57	927,089
Elimination of inter- segment transactions or balances	-	-	-	-	(862,814)
Consolidated total	25,702	(20,147)	(13,263)	704	1,323,838

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2020

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Revenue

10.1 Disaggregation of Revenue from Contracts with Customers

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 from contracts with customers is disaggregated by service line and timing of revenue recognition.

	Current Quarter Ended 31-Mar-20 RM'000	Corresponding Quarter Ended 31-Mar-19 RM'000
Major service line		
Catering services	1,304	492
Timing of recognition		
At a point in time	1,304	492

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
Catering services	Revenue is recognised at a point in time when the services are performed and accepted by the customers.	Credit periods of 30 to 45 days from invoice date.
Vessel charter income	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 2020 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 its PPE. The recoverable amounts were compared against the carrying amounts of the PPE.

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(Company No: 372113-A)
(Incorporated in Malaysia)



**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2020**

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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

For the current financial quarter ended 31 March 2020, the Group has made an additional allowance for impairment loss on PPE of USD2.5 million (equivalent to RM10.9 million). Following the sudden outbreak of the COVID-19 pandemic in March 2020, the global economy as well as the oil and gas industry has since been severely affected. As such, the Group has taken a prudent approach and revised some of its assumptions and estimations in determining the recoverable amount for its PPE in the current quarter to better reflect the present economic and market conditions.

The Group’s accumulated impairment loss has been increased from USD9.6 million (equivalent to RM39.2 million) as at 31 December 2019 to USD12.1 million (equivalent to RM52.1 million) as at 31 March 2020.

12. Material Events Subsequent to the Reporting Period

There were no material events subsequent to the current financial quarter ended 31 March 2020 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 2020.

14. Contingent Liabilities

The following are the contingent liabilities of the Group as at 31 March 2020:

	As at 31-Mar-20	
	Group	Company
	RM'000	RM'000
<u>Contingent liabilities not considered remote</u>		
Corporate guarantees favouring banks for facilities granted to:		
- ultimate holding company	682,500	682,500
- subsidiaries	-	110,776
	<u>682,500</u>	<u>793,276</u>

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(Company No: 372113-A)
(Incorporated in Malaysia)



**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2020**

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

14. Contingent Liabilities (Cont'd)

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 17 June 2020, the Group has not received any response from the IRB to its reply of February 2017.

In addition to the above, the IRB is also conducting tax audits of several subsidiaries of the Group for years of assessment varying from YA2011 to YA2018. The Group has engaged a tax consultant to assist in the matter and has responded to the IRB on its enquiries. The Group is currently awaiting further response from the IRB. The financial impact, if any, from the relevant tax audits by the IRB is not determinable at this juncture.

15. Capital Commitments

As at 31 March 2020, the Group has the following capital commitments:

	Current Quarter Ended 31-Mar-20 RM'000	Corresponding Quarter Ended 31-Mar-19 RM'000
Approved but not contracted for	11,560	-
Approved and contracted for	1,440	-
	13,000	-

PERDANA PETROLEUM BERHAD

(Company No: 372113-A)
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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2020****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134****16. Significant Related Party Transactions**

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

	Current Quarter Ended 31-Mar-20 RM'000	Corresponding Quarter Ended 31-Mar-19 RM'000
Company		
i. Subsidiaries:		
- management fees income	414	369
ii. Related party:		
- interest expense	2,611	2,661
- rental expense	15	15
Group		
i. Related party:		
- vessel charter income	21,138	3,316
- interest expense	2,611	2,661
- rental expense	85	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.

- b. Compensation of key management personnel

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

	Current Quarter Ended 31-Mar-20 RM'000	Corresponding Quarter Ended 31-Mar-19 RM'000
Short-term employee benefits	247	269

PERDANA PETROLEUM BERHAD

(Company No: 372113-A)
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2020****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-20 RM'000	Corresponding Quarter Ended 31-Mar-19 RM'000	Variance	
			RM'000	%
Revenue	59,664	25,702	33,962	132
Gross Profit/(Loss)	7,133	(18,585)	25,718	138
Loss Before Interest and Taxation	(9,980)	(20,116)	10,136	50
Loss Before Taxation	(13,307)	(32,675)	19,368	59
Loss After Taxation	(13,901)	(32,941)	19,040	58
Loss Attributable to Ordinary Equity Holders of the Company	(13,901)	(32,941)	19,040	58

For the current quarter ended 31 March 2020, the Group has recorded a higher revenue of RM59.7 million and a lower loss before tax of RM13.3 million, as compared to a revenue of RM25.7 million and a loss before tax of RM32.7 million in the first quarter of 2019.

The increase in revenue and the lower loss before tax achieved in the current quarter is mainly attributable to higher vessel utilisation at 64% as compared to 36% in the first quarter of 2019. The loss before tax of RM13.3 million in the current quarter is arrived at, after taking into account additional allowance for impairment loss on PPE of RM10.9 million (see Note 11) as well as a net realised/unrealised foreign exchange loss of RM4.4 million, as compared to a net realised/unrealised foreign exchange gain of RM1.1 million that has been provided in the corresponding quarter. The loss after tax in the current quarter has taken into account tax expenses amounting to RM0.6 million (see Note 21).

PERDANA PETROLEUM BERHAD

(Company No: 372113-A)
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2020****PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****18. Financial Review for Current Quarter Compared with Immediate Preceding Quarter**

	Current Quarter Ended 31-Mar-20 RM'000	Corresponding Quarter Ended 31-Dec-19 * RM'000	Variance	
			RM'000	%
Revenue	59,664	64,044	(4,380)	(7)
Gross Profit	7,133	6,949	184	3
Loss Before Interest and Taxation	(9,980)	(761)	9,219	(1,211)
(Loss)/Profit Before Taxation	(13,307)	6,366	19,673	(309)
Loss After Taxation	(13,901)	(2,709)	(11,192)	(413)
Loss Attributable to Ordinary Equity Holders of the Company	(13,901)	(2,709)	(11,192)	(413)

* Adjusted to conform with the 2019 audited financial statements of the Group.

The Group recorded a lower revenue of RM59.7 million and a loss before tax of RM13.3 million in the current quarter, as compared to a revenue of RM64.0 million and a profit before tax of RM6.4 million in the preceding quarter.

The decrease in revenue in the current quarter is mainly due to lower vessel utilisation at 64% as compared to 74% in the fourth quarter of 2019. The typically lower vessel utilisation in the first quarter of 2020 is a result of slower work orders/contracts awarded from the oil majors during the monsoon season. In addition, the loss before tax recorded in the current quarter has taken into account an additional allowance for impairment loss on PPE of RM10.9 million (see Note 11) as well as a net realised/unrealised foreign exchange loss of RM4.4 million, as compared to a reversal of impairment loss on PPE of RM9.1 million as well as a net realised/unrealised foreign exchange gain of RM1.5 million recognised in the preceding quarter. The loss after taxation in the current quarter has taken into account tax expenses amounting to RM0.6 million (see Note 21).

PERDANA PETROLEUM BERHAD

(Company No: 372113-A)
(Incorporated in Malaysia)



**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2020**

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

19. Prospects

Notwithstanding the depressed oil price environment, Perdana Petroleum (the “Group”) registered a commendable result in the first quarter of 2020. Had we excluded the impact of exceptional items of RM10.9 million impairment loss and RM4.3 million unrealised foreign exchange loss, Perdana Petroleum would have recorded a profitable first quarter operationally which is a rare feat.

Despite the inclement weather which typically affects our chartering business in the beginning of the year, our quarterly revenue surged by 132% year-on-year. This is largely due to the high vessel utilisation of 64%, compared to 36% in the first quarter of 2019. The busy activities spilled over from last year into the first quarter of 2020 has resulted in encouraging results for the Group’s vessel chartering business.

The myriad of challenges arising from steep oil price decline and the highly contagious COVID-19 pandemic which had plunged global economy into a recession since March 2020, has negatively affected our business. The business disruptions due to the Movement Control Order imposed by the Government of Malaysia are expected to be reflected in our upcoming quarterly results. Nevertheless, we are hopeful that charter contracts will improve in the second half of 2020 as the government has gradually eased the lockdown measures and oil price has recovered significantly from the lows in April 2020.

We are cautiously optimistic that our streamlined operations and synergistic collaboration with Dayang group will continue to help us tide over the short-term challenges. In addition, our much improved capital structure will stand us in good stead to navigate beyond the current turmoil.

PERDANA PETROLEUM BERHAD

(Company No: 372113-A)
(Incorporated in Malaysia)



**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2020**

**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-20 RM'000	Corresponding Quarter Ended 31-Mar-19 RM'000	Current Period-to-date Ended 31-Mar-20 RM'000	Corresponding Period-to-date Ended 31-Mar-19 RM'000
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**Loss for the quarter / period is
arrived at after charging /
(crediting):**

Depreciation of property, plant and equipment	19,964	20,147	19,964	20,147
Impairment loss on property, plant and equipment	10,903	-	10,903	-
Interest expense	3,688	13,263	3,688	13,263
Interest income	(361)	(704)	(361)	(704)
Loss / (Gain) on foreign exchange:				
- realised	72	(48)	72	(48)
- unrealised	4,303	(1,039)	4,303	(1,039)

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 2020.

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-20 RM'000	Corresponding Quarter Ended 31-Mar-19 RM'000	Current Period-to-date Ended 31-Mar-20 RM'000	Corresponding Period-to-date Ended 31-Mar-19 RM'000
Current tax expense:			
Malaysian - current year	594	266	594

Despite the consolidated losses for the current quarter and financial period to-date, the Group still incurs a current tax charge of RM0.6 million as the losses incurred by certain group entities cannot be offset against the taxable profits made by other group entities.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2020

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

22. Corporate Proposals

There were no corporate proposals announced but not completed as at 17 June 2020, 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 2020 were as follows:

	As at Current Period Ended 31-Mar-2020					
	Non-current		Current		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
- Term loans	20,903	90,090	4,564	19,670	25,467	109,760
- Islamic facility	-	12,864	-	2,357	-	15,221
Total	20,903	102,954	4,564	22,027	25,467	124,981

Exchange rate (USD: MYR) at USD1: MYR4.31

Source of reference: Bank Negara Malaysia website

Total Group's borrowings as at 31 December 2019 were as follows:

	As at Previous Year Ended 31-Dec-2019					
	Non-current		Current		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
- Term loans	21,944	89,836	4,564	18,685	26,508	108,521
- Islamic facility	-	13,454	-	1,964	-	15,418
Unsecured						
- Revolving credit	-	-	-	1,748	-	1,748
Total	21,944	103,290	4,564	22,397	26,508	125,687

Exchange rate (USD: MYR) at USD1: MYR4.094

Source of reference: Bank Negara Malaysia website

As at 31 March 2020, the total outstanding borrowings is RM125.0 million as compared to RM125.7 million as at 31 December 2019.

The Group's borrowings are interest-bearing and denominated in both Ringgit Malaysia ("MYR") and United States Dollar ("USD"), as set out in the tables above. The Islamic facility and revolving credit of the Group are based on fixed interest rate whereas the term loans are based on floating interest rate.

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2020**

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

24. Material Litigations

Save for the following, there were no material litigations involving the Group since the last financial year ended 31 December 2019 up to 17 June 2020, being the latest practicable date not earlier than 7 days from the date of issue of this interim report.

On 7 August 2018, Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra, Datin Che Nariza Hajjar Hashim, Wong Fook Heng and Tiong Young Kong (the "Plaintiffs") 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.

On 29 May 2019, the High Court has allowed the Plaintiff's claim against the Company for the cost incurred on an indemnity basis in defending the suits (and the appeals emanated therefrom) since 2009. The total amount to be paid by the Company to the Plaintiffs including the costs and the allocator fee is RM2,652,447.13. The said amount has been fully settled in September 2019.

On 27 June 2019, the Company has filed a notice of appeal to the Court of Appeal against the decision made by the High Court. The Company's solicitors attended court on 13 August 2019 for case management and updated the court on the current progress of the appeal. This matter came up for e-review on 30 October 2019 before the Deputy Registrar of the Court of Appeal. The Court of Appeal was informed that the Company has yet to obtain the grounds of judgement from the High Court and that the Company has issued several reminders to the High Court. Therefore, the Court of Appeal has adjourned the matter to 17 December 2019 for further e-review and for the Company to update the Court of Appeal on the availability of the said grounds of judgement.

The Company has received the ground of judgment from the High Court in January 2020 and all the parties have agreed that the Company would file its supplementary record of appeal in the Court of Appeal by 2 March 2020.

The Appeal came up for e-review on 13 February 2020 and the Court of Appeal has fixed the Appeal for further e-review on 5 March 2020 for the Company to update the Court of Appeal on the status of filing of the said supplementary record of appeal. The case management has subsequently been fixed on 21 September 2020. As at the latest practicable date of this report, the hearing date for the Appeal has not been fixed.

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 2019.

PERDANA PETROLEUM BERHAD

(Company No: 372113-A)
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2020****PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****26. Loss Per Share****a) Basic**

	Current Quarter Ended 31-Mar-20	Corresponding Quarter Ended 31-Mar-19	Current Period-to-date Ended 31-Mar-20	Corresponding Period-to-date Ended 31-Mar-19
Net loss attributable to shareholders (RM'000)	(13,901)	(32,941)	(13,901)	(32,941)
Number of ordinary shares at the beginning of the quarter/period	778,470,949	778,470,949	778,470,949	778,470,949
Effect of conversion of RCPS to ordinary shares	813,344,065	-	813,344,065	-
Weighted average number of ordinary shares in issue	1,591,815,014	778,470,949	1,591,815,014	778,470,949
Basic loss per ordinary share (Sen)	(0.87)	(4.23)	(0.87)	(4.23)

b) Diluted

The Company has on 31 December 2019 issued and allotted 1,463,629,199 RCPS that are convertible into new ordinary shares in the Company (see Note 7). As at the financial period ended 31 March 2020, only 37,560,121 RCPS have yet to be converted into ordinary shares. Diluted loss per share to account for the effect of conversion of the remaining RCPS into ordinary shares, which is anti-dilutive, has not been computed.

By Order of the Board

*Bailey Kho Chung Siang
Executive Director*

Date: 23 June 2020