



PERDANA PETROLEUM BERHAD

Company No. 372113-A
(Incorporated in Malaysia)

Interim Report for the Quarter Ended 30 June 2020

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2020**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Current Quarter Ended 30-Jun-20 RM'000	Corresponding Quarter Ended 30-Jun-19 RM'000	Current Period-to-date Ended 30-Jun-20 RM'000	Corresponding Period-to-date Ended 30-Jun-19 RM'000
Revenue	60,000	62,842	119,664	88,544
Cost of services	(57,236)	(50,688)	(109,767)	(94,975)
Gross profit/(loss)	2,764	12,154	9,897	(6,431)
Other income	345	3,270	113	4,787
Administrative expenses	(2,540)	(5,639)	(4,376)	(8,178)
Other expenses	(77)	(1,523)	(15,122)	(1,602)
Results from operating activities	492	8,262	(9,488)	(11,424)
Finance income	236	152	597	426
Finance costs	(3,522)	(13,193)	(7,210)	(26,456)
Net finance costs	(3,286)	(13,041)	(6,613)	(26,030)
Loss before tax	(2,794)	(4,779)	(16,101)	(37,454)
Taxation	(85)	(662)	(679)	(928)
Loss for the period	(2,879)	(5,441)	(16,780)	(38,382)
<i>Other comprehensive (expense)/income</i>				
<i>Foreign currency translation</i>	(5,347)	16,049	49,877	732
<i>Cash flow hedge</i>	-	-	-	(78)
Total comprehensive (expense)/income for the period attributable to Owners of the Company	(8,226)	10,608	33,097	(37,728)
Loss for the period attributable to:				
Owners of the Company	(2,879)	(5,440)	(16,780)	(38,381)
Non-controlling interests	- *	(1)	- *	(1)
	(2,879)	(5,441)	(16,780)	(38,382)
Total comprehensive (expense)/income for the period attributable to:				
Owners of the Company	(8,226)	10,610	33,100	(37,728)
Non-controlling interests	-	(2)	(3)	- *
	(8,226)	10,608	33,097	(37,728)
Loss per share (Sen)				
a) Basic	(0.15)	(0.70)	(0.88)	(4.93)
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)
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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2020

STATEMENT OF FINANCIAL POSITION

	(Unaudited)	(Audited)
	30-Jun-20	31-Dec-19
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,146,641	1,139,953
Deposits	12,000	12,000
Deferred tax assets	17,833	17,833
	<u>1,176,474</u>	<u>1,169,786</u>
CURRENT ASSETS		
Inventories	1,775	1,689
Trade receivables - external parties	28,112	32,659
Trade receivables - related company	36,083	21,946
Other receivables, deposits and prepayments	9,705	29,245
Current tax assets	3,198	2,636
Cash and cash equivalents	60,860	37,561
	<u>139,733</u>	<u>125,736</u>
TOTAL ASSETS	<u>1,316,207</u>	<u>1,295,522</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	885,198	885,198
Reserves	47,569	14,469
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>932,767</u>	<u>899,667</u>
Non-controlling interests	133	136
TOTAL EQUITY	<u>932,900</u>	<u>899,803</u>
NON-CURRENT LIABILITIES		
Loans and borrowings	96,913	103,290
Deferred tax liabilities	3,277	3,277
	<u>100,190</u>	<u>106,567</u>
CURRENT LIABILITIES		
Loans and borrowings	21,904	22,397
Trade payables - external parties	39,099	32,153
Other payables - external parties	9,029	16,598
Other payables - related company	212,461	216,876
Current tax liabilities	624	1,128
	<u>283,117</u>	<u>289,152</u>
TOTAL LIABILITIES	<u>383,307</u>	<u>395,719</u>
TOTAL EQUITY AND LIABILITIES	<u>1,316,207</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)

PERDANA PETROLEUM BERHAD
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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2020

STATEMENT OF CASH FLOWS

	(Unaudited)	(Audited)
	Period Ended	Year Ended
	30-Jun-20	31-Dec-19
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(16,101)	(12,381)
<i>Adjustments for:</i>		
Impairment loss/(Reversal of impairment loss) on property, plant and equipment	10,903	(11,945)
Depreciation of property, plant and equipment	40,988	80,797
Finance costs	7,210	55,200
Finance income	(597)	(22,564)
Unrealised loss/(gain) on foreign exchange	3,688	(1,564)
Operating profit before changes in working capital	46,091	87,543
<i>Changes in working capital:</i>		
Inventories	(86)	719
Trade and other receivables, deposits and prepayments	3,014	(11,485)
Trade and other payables	2,426	(20,622)
Cash generated from operations	51,445	56,155
Income tax paid	(2,351)	(1,794)
Net cash from operating activities	49,094	54,361
Cash flows for investing activities		
Interest received	597	871
Purchase of property, plant and equipment	(7,973)	(13,016)
Withdrawal of fixed deposits pledged	-	6,083
Net cash used in investing activities	(7,376)	(6,062)

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STATEMENT OF CASH FLOWS

	(Unaudited)	(Audited)
	Period Ended	Year Ended
	30-Jun-20	31-Dec-19
	RM'000	RM'000
Cash flows from financing activities		
Repayment/(Advances) to a related company	(9,080)	455,000
(Repayment)/Drawdown of term loan - Islamic	(786)	10,200
Repayment of Sukuk	-	(445,247)
Repayment of secured term loans	(9,346)	(13,669)
Repayment of revolving credits	(1,748)	(252)
Security deposit paid	-	(12,000)
Interest paid	(2,720)	(12,746)
Coupon paid	-	(24,267)
Net cash used in financing activities	(23,680)	(42,981)
Net increase in cash and cash equivalents	18,038	5,318
Effect of exchange rate movements	5,261	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	60,860	37,561
Cash and cash equivalents		
Deposits placed with licensed banks	45,911	19,867
Cash on hand and at banks	14,949	17,694
	60,860	37,561

**(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 SECOND QUARTER ENDED 30 JUNE 2020

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	[-----Attributable to owners of the Company-----]								
	[-----Non-distributable-----]								
	Ordinary Share Capital RM'000	Redeemable Convertible Preference Shares RM'000	Cash Flow Hedge Reserve RM'000	Other Capital Reserve RM'000	Translation Reserve RM'000	Accumulated Losses RM'000	Sub- Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
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 (Audited)/1 January 2020	411,219	473,979	-	1,635	70,442	(57,608)	899,667	136	899,803
Conversion of redeemable convertible preference shares	465,080	(465,080)	-	-	-	-	-	-	-
Total comprehensive expense for the period	-	-	-	-	49,880	(16,780)	33,100	(3)	33,097
Balance as at 30 June 2020 (Unaudited)	876,299	8,899	-	1,635	120,322	(74,388)	932,767	133	932,900

* *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)

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
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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
Amendments to MFRS 16, <i>Leases – Covid-19-Related Rent Concessions</i>	1 June 2020

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

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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
MFRS 17, <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 1, <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018 - 2020)</i>	1 January 2022
Amendments to MFRS 3, <i>Business Combinations – Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 9, <i>Financial Instruments (Annual Improvements to MFRS Standards 2018 – 2020)</i>	1 January 2022
Amendments to Illustrative Examples accompanying MFRS 16, <i>Leases (Annual Improvements to MFRS Standards 2018 – 2020)</i>	1 January 2022
Amendments to MFRS 101, <i>Presentation of Financial Statements – Classification of Liabilities as Current or Non-current</i>	1 January 2022
Amendments to MFRS 116, <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 141, <i>Agriculture (Annual Improvements to MFRS Standards 2018 – 2020)</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.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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.

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, 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, the other income comprise net realised/unrealised foreign exchange gain of RM0.3 million and net realised/unrealised foreign exchange loss of RM4.1 million respectively whereas other comprehensive expenses includes foreign currency translation loss of RM5.3 million and foreign currency translation gain of RM49.9 million respectively.

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 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 conversion of 1,431,013,696 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 30 June 2020.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

9. Segmental Information

9.1 Segment Results for the Current Quarter versus Corresponding Quarter

	Marine Offshore Support Services	
	Current Quarter Ended 30-Jun-20 RM'000	Corresponding Quarter Ended 30-Jun-19 RM'000
Segment (loss)/profit	(254)	10,681
<i>Included in the measure of segment (loss)/profit are:</i>		
Revenue from external customers	60,000	62,842
Inter-segment revenue	68,627	79,852
Depreciation and amortization	(20,994)	(20,357)
Reversal of impairment loss on property, plant and equipment	-	2,818
Finance costs	(890)	(2,760)
Finance income	214	94
Unrealised foreign exchange gain	5	124

Reconciliation of reportable segment revenues, profit or loss, assets and other material items

Profit or loss		
Total (loss) / profit for reportable segments	(254)	10,681
Other non-reportable segments	(3,149)	(13,963)
Elimination of inter-segment profit / (loss)	609	(1,497)
Consolidated loss before tax	(2,794)	(4,779)

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2020****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134****9. Segmental Information (Cont'd)****9.1 Segment Results for the Current Quarter versus Corresponding Quarter (Cont'd)**

Current Quarter Ended 30 June 2020	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000
Total reportable segments	60,000	(20,994)	(890)	214
Other non-reportable segments	-	(30)	(2,632)	22
Elimination of inter-segment transactions or balances	-	-	-	-
Consolidated total	60,000	(21,024)	(3,522)	236

Corresponding Quarter Ended 30 June 2019	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000
Total reportable segments	62,842	(20,357)	(2,760)	94
Other non-reportable segments	-	(32)	(2,632)	58
Elimination of inter-segment transactions or balances	-	-	-	-
Consolidated total	62,842	(20,389)	(13,193)	152

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

9. Segmental Information (Cont'd)

9.2 Segment Results and Assets for the Current Period versus Corresponding Period

	Marine Offshore Support Services	
	Current Period-to-date Ended 30-Jun-20 RM'000	Corresponding Period-to-date Ended 30-Jun-19 RM'000
Segment loss	(7,063)	(12,246)
<i>Included in the measure of segment loss are:</i>		
Revenue from external customers	119,664	88,544
Inter-segment revenue	142,814	144,807
Depreciation and amortization	(40,927)	(40,470)
(Impairment loss)/Reversal of impairment loss on property, plant and equipment	(10,903)	2,818
Finance costs	(1,934)	(5,844)
Finance income	368	312
Unrealised foreign exchange gain	12	122
Segment assets	1,202,733	1,245,721
Reconciliation of reportable segment revenues, profit or loss, assets and other material items		
Profit or loss		
Total loss for reportable segments	(7,063)	(12,246)
Other non-reportable segments	(5,337)	(24,751)
Elimination of inter-segment loss	(3,701)	(457)
Consolidated loss before tax	(16,101)	(37,454)

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

9. Segmental Information (Cont'd)

**9.2 Segment Results and Assets for the Current Period versus Corresponding Period
(Cont'd)**

As at 30 June 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	119,664	(40,927)	(1,934)	368	1,202,733
Other non-reportable segments	-	(61)	(5,276)	229	903,865
Elimination of inter- segment transactions or balances	-	-	-	-	(790,391)
Consolidated total	119,664	(40,988)	(7,210)	597	1,316,207

As at 30 June 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	88,544	(40,470)	(5,844)	312	1,245,721
Other non-reportable segments	-	(65)	(20,612)	114	893,991
Elimination of inter- segment transactions or balances	-	-	-	-	(816,222)
Consolidated total	88,544	(40,535)	(26,456)	426	1,323,490

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
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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 30-Jun-20 RM'000	Corresponding Quarter Ended 30-Jun-19 RM'000
Major service line		
Catering services	1,223	2,330
Timing of recognition		
At a point in time	1,223	2,330

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

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 revised some of its assumptions and estimations in determining the recoverable amount for its PPE in the previous quarter which resulted in a provision of impairment loss on PPE of USD2.5 million (equivalent to RM10.8 million), to better reflect the present economic and market conditions. For the current financial quarter ended 30 June 2020, there were no further allowance for impairment loss nor reversal of impairment loss on PPE.

The Group’s accumulated impairment loss has increased from USD9.6 million (equivalent to RM39.2 million) as at 31 December 2019 to USD12.1 million (equivalent to RM51.8 million) as at 30 June 2020.

12. Material Events Subsequent to the Reporting Period

There were no material events subsequent to the current financial quarter ended 30 June 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 30 June 2020 except for:

(i) Proposed Dissolution of Marshall Islands Subsidiaries & British Virgin Islands (“BVI”) Subsidiaries

On 3 July 2020 and 8 July 2020, the Company’s wholly owned subsidiaries, Geoseas Technologies Limited (“GTL”), Odin Explorer Navigation Limited (“OENL”), Perdana Mercury Limited (“PML”) and Perdana Venus Limited (“PVL”) (“Subsidiaries”) which have been dormant for a period of time have been placed under dissolution under the laws of the Business Companies Act, 2004 of BVI and Marshall Islands Business Corporations Act (“Proposed Dissolution”).

The rationale for the Proposed Dissolution is to save future costs associated with maintaining the Subsidiaries as the Group do not foresee any future business plans for these Subsidiaries.

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The following are the contingent liabilities of the Group as at 30 June 2020:

	As at 30-Jun-20	
	Group RM'000	Company 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	-	105,195
	<u>682,500</u>	<u>787,695</u>

Further to the conclusion of a tax audit conducted for years 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 12 August 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 30 June 2020, the Group has the following capital commitments:

	Current Quarter Ended 30-Jun-20 RM'000	Corresponding Quarter Ended 30-Jun-19 RM'000
Approved but not contracted for	10,987	-
Approved and contracted for	2,013	-
	<u>13,000</u>	<u>-</u>

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
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- a. The Group / Company had the following transactions with related parties during the financial quarter:

	Current Quarter Ended 30-Jun-20 RM'000	Corresponding Quarter Ended 30-Jun-19 RM'000
Company		
i. Subsidiaries:		
- management fees income	414	369
ii. Related party:		
- interest expense	2,542	3,690
- rental expense	15	15
Group		
i. Related party:		
- vessel charter income	22,018	25,317
- interest expense	2,542	3,690
- 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 30-Jun-20 RM'000	Corresponding Quarter Ended 30-Jun-19 RM'000
Short-term employee benefits	256	264

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	Current Quarter Ended 30-Jun-20 RM'000	Corresponding Quarter Ended 30-Jun-19 RM'000	Variance	
			RM'000	%
Revenue	60,000	62,842	(2,842)	(5)
Gross Profit	2,764	12,154	(9,390)	(77)
Profit Before Interest and Taxation	492	8,262	(7,770)	(94)
Loss Before Taxation	(2,794)	(4,779)	1,985	42
Loss After Taxation	(2,879)	(5,441)	2,562	47
Loss Attributable to Ordinary Equity Holders of the Company	(2,879)	(5,440)	2,561	47

For the current quarter ended 30 June 2020, the Group has recorded a lower revenue of RM60.0 million and a lower loss before tax of RM2.8 million, as compared to a revenue of RM62.8 million and a loss before tax of RM4.8 million in the second quarter of 2019.

The slight decrease in revenue in the current quarter is mainly attributable to lower vessel utilisation at 58% as compared to 79% in the second quarter of 2019, which is partially cushioned by higher revenue from third-party vessel charters of approximately RM26.6 million recognised in the current quarter in contrast to only RM8.9 million in the corresponding quarter. The Group also recorded a 13% increase in operating costs during the Movement Control Order (“MCO”) period imposed by the Government of Malaysia which caused temporary supply chain and logistic disruptions. As a result thereof, gross profit in the current quarter has reduced significantly as compared to the corresponding quarter.

The loss before tax of RM2.8 million in the current quarter is arrived at, after taking into account a net realised/unrealised foreign exchange gain of RM0.3 million, as compared to a net realised/unrealised foreign exchange gain of RM1.4 million, legal expenses of RM2.6 million as well as a reversal of impairment loss on PPE of RM2.8 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 RM0.1 million (see Note 21).

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17. Review of Financial Performance (Cont'd)

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

	Current	Corresponding	Variance	
	Period-to-date	Period-to-date	RM'000	%
	Ended	Ended		
	30-Jun-20	30-Jun-19		
	RM'000	RM'000		
Revenue	119,664	88,544	31,120	35
Gross Profit/(Loss)	9,897	(6,431)	16,328	254
Loss Before Interest and Taxation	(9,488)	(11,424)	1,936	17
Loss Before Taxation	(16,101)	(37,454)	21,353	57
Loss After Taxation	(16,780)	(38,382)	21,602	56
Loss Attributable to Ordinary Equity Holders of the Company	(16,780)	(38,381)	21,601	56

For the financial period ended 30 June 2020, the Group recorded a higher revenue of RM119.7 million and a loss before taxation of RM16.1 million as compared to the revenue of RM88.5 million and loss before taxation of RM37.5 million for the previous period ended 30 June 2019.

The increase in revenue is mainly due to higher vessel utilization at 60% for the financial period ended 30 June 2020 as compared to 57% in the corresponding period ended 30 June 2019, as well as higher charter rates achieved in the first quarter of 2020. Nevertheless, the Group recorded a much lower loss before taxation for the financial period ended 30 June 2020 despite having made an additional provision for impairment loss on PPE of RM10.9 million as well as incurring a net realised/unrealised foreign exchange loss of RM4.1 million, as compared to a net realised/unrealised foreign exchange loss of RM0.4 million and a reversal of impairment loss on PPE of RM2.8 million in the preceding period. The loss after tax in the current period has taken into account tax expenses amounting to approximately RM1.0 million (see Note 21).

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

	Current Quarter Ended 30-Jun-20 RM'000	Corresponding Quarter Ended 31-Mar-20 RM'000	Variance	
			RM'000	%
Revenue	60,000	59,664	336	1
Gross Profit	2,764	7,133	(4,369)	(61)
Profit/(Loss) Before Interest and Taxation	492	(9,980)	10,472	105
Loss Before Taxation	(2,794)	(13,307)	10,513	79
Loss After Taxation	(2,879)	(13,901)	11,022	79
Loss Attributable to Ordinary Equity Holders of the Company	(2,879)	(13,901)	11,022	79

The Group recorded a revenue of RM60.0 million and a loss before tax of RM2.8 million in the current quarter, as compared to a revenue of RM59.7 million and a loss before tax of RM13.3 million in the preceding quarter.

The revenue remained consistent in both quarters with vessel utilisation at 58% in the current quarter and 62% in the first quarter of 2020. The lower vessel utilisation in the second quarter of 2020 is a result of delayed work orders/contracts awarded from the oil majors arising from business disruptions caused by the COVID-19 pandemic. Notwithstanding the consistent revenue recognised in both quarters, gross profit in the current quarter has decreased by more than half as compared to the first quarter of 2020 as a result of higher operating costs incurred stemming from temporary supply chain and logistic disruptions during the MCO period.

In addition, the lower loss before tax recorded in the current quarter has taken into account a net realised/unrealised foreign exchange gain of RM0.4 million, as compared to an allowance for impairment loss on PPE of RM10.9 million as well as a net realised/unrealised foreign exchange loss of RM4.1 million recognised in the preceding quarter.

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19. Prospects

While Perdana Petroleum (“the Group”) registered a loss-making second quarter, we were encouraged by the relatively decent set of results as it was stronger quarter-on-quarter despite the challenging period which was severely affected by the restrictive Movement Control Order (“MCO”) imposed by the Government of Malaysia due to the COVID-19 pandemic.

In view of the MCO, our chartering business has not been able to go on full throttle during the second quarter. As a result, our vessel utilisation rate only came in at 58% in the second quarter of 2020, compared to 62% in the first quarter of 2020. Nevertheless, Perdana Petroleum remains cash flow positive during the quarter as the Group strives to maintain high liquidity in the current economic environment.

The multiple challenges arising from steep oil price decline and the highly contagious COVID-19 pandemic which had plunged global economy into a recession has negatively impacted our business in the first half of 2020. We are cautiously optimistic that our streamlined operations and synergistic collaboration with Dayang group will help us to 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 and to actualise our long-term plan to deliver strong financial results for our loyal shareholders in the near term.

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20. Loss for the Quarter / Period

Current Quarter Ended 30-Jun-20 RM'000	Corresponding Quarter Ended 30-Jun-19 RM'000	Current Period-to-date Ended 30-Jun-20 RM'000	Corresponding Period-to-date Ended 30-Jun-19 RM'000
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**Loss for the quarter / period is
arrived at after charging /
(crediting):**

Depreciation of property, plant and equipment	21,024	20,389	40,988	40,535
Impairment loss/(Reversal of impairment loss) on property, plant and equipment	-	(2,818)	10,903	(2,818)
Interest expense	3,522	13,193	7,210	26,456
Interest income	(236)	(152)	(597)	(426)
Loss / (Gain) on foreign exchange:				
- realised	304	64	376	16
- unrealised	(615)	1,374	3,688	335

Save for the above, there were no write off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, other income including investment income and exceptional items for the current quarter and financial period ended 30 June 2020.

21. Taxation

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

	Current Quarter Ended 30-Jun-20 RM'000	Corresponding Quarter Ended 30-Jun-19 RM'000	Current Period-to-date Ended 30-Jun-20 RM'000	Corresponding Period-to-date Ended 30-Jun-19 RM'000
Current tax expense:				
Malaysian - current year	624	662	1,218	928
- prior year	(539)	-	(539)	-
	85	662	679	928

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Despite the consolidated losses for the current quarter and financial period to-date, the Group still incurs a current tax charge of RM0.1 million as the losses incurred by certain group entities cannot be offset against the taxable profits made by other group entities.

22. Corporate Proposals

There were no corporate proposals announced but not completed as at 12 August 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 30 June 2020 were as follows:

	As at Current Period Ended 30-Jun-2020					
	Non-current		Current		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
- Term loans	19,762	84,638	4,564	19,547	24,326	104,185
- Islamic facility	-	12,275	-	2,357	-	14,632
Total	19,762	96,913	4,564	21,904	24,326	118,817

Exchange rate (USD: MYR) at USD1: MYR4.283

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

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23. Borrowings (Cont'd)

As at 30 June 2020, the total outstanding borrowings is RM118.8 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.

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 12 August 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 and the hearing for the Appeal is scheduled to take place on 30 September 2020.

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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.

26. Loss Per Share**a) Basic**

	Current Quarter Ended 30-Jun-20	Corresponding Quarter Ended 30-Jun-19	Current Period-to-date Ended 30-Jun-20	Corresponding Period-to-date Ended 30-Jun-19
Net loss attributable to shareholders (RM'000)	(2,879)	(5,440)	(16,780)	(38,381)
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	1,121,592,704	-	1,121,592,704	-
Weighted average number of ordinary shares in issue	1,900,063,653	778,470,949	1,900,063,653	778,470,949
Basic loss per ordinary share (Sen)	(0.15)	(0.70)	(0.88)	(4.93)

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26. Loss Per Share (Cont'd)

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 30 June 2020, only 32,615,503 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: 18 August 2020