



PERDANA PETROLEUM BERHAD

Registration No. 199501042909 (372113-A)

(Incorporated in Malaysia)

Interim Report for the Quarter Ended 31 December 2020

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Current Quarter Ended 31-Dec-20 RM'000 (Unaudited)	Corresponding Quarter Ended 31-Dec-19 RM'000 (Unaudited)	Current Year-to-date Ended 31-Dec-20 RM'000 (Unaudited)	Corresponding Year-to-date Ended 31-Dec-19 # RM'000 (Audited)
Revenue	36,232	64,044	208,348	239,997
Cost of services	(47,123)	(57,095)	(211,126)	(213,345)
Gross (loss)/profit	(10,891)	6,949	(2,778)	26,652
Other income	3,615	891	4,091	14,392
Administrative expenses	(3,434)	(7,715)	(10,120)	(20,002)
Other expenses	(4,940)	(886)	(35,526)	(787)
Results from operating activities	(15,650)	(761)	(44,333)	20,255
Finance income	126	21,110	2,529	22,564
Finance costs	(2,310)	(13,983)	(12,075)	(55,200)
Net finance costs	(2,184)	7,127	(9,546)	(32,636)
(Loss)/Profit before tax	(17,834)	6,366	(53,879)	(12,381)
Taxation	(696)	(9,075)	(11,949)	(10,623)
Loss for the period/year	(18,530)	(2,709)	(65,828)	(23,004)
<i>Other comprehensive expense:</i>				
<i>Foreign currency translation differences</i>	<i>(36,721)</i>	<i>(23,917)</i>	<i>(18,704)</i>	<i>(11,935)</i>
<i>Cash flow hedge</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(78)</i>
Total comprehensive expense for the period attributable to Owners of the Company	(55,251)	(26,626)	(84,532)	(35,017)
Loss for the period attributable to:				
Owners of the Company	(18,530)	(2,709)	(65,828)	(23,004)
Non-controlling interests	-	- *	-	- *
	(18,530)	(2,709)	(65,828)	(23,004)
Total comprehensive expense for the period attributable to:				
<i>Owners of the Company</i>	<i>(55,252)</i>	<i>(26,627)</i>	<i>(84,532)</i>	<i>(35,017)</i>
<i>Non-controlling interests</i>	<i>1</i>	<i>1</i>	<i>-</i>	<i>-</i>
	(55,251)	(26,626)	(84,532)	(35,017)
Loss per share (Sen)				
a) Basic	(0.90)	(0.35)	(3.20)	(2.95)
b) Diluted	N/A	N/A	N/A	N/A

* Negligible

The comparative figures have been adjusted and reclassified to confirm with the audited financial statements' presentation.

(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 FOURTH QUARTER
ENDED 31 DECEMBER 2020**

STATEMENT OF FINANCIAL POSITION

	(Unaudited)	(Audited)
	31-Dec-20	31-Dec-19
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,024,552	1,139,953
Deposits	12,000	12,000
Deferred tax assets	7,080	17,833
-	<u>1,043,632</u>	<u>1,169,786</u>
CURRENT ASSETS		
Inventories	2,541	1,689
Trade receivables - external parties	20,914	32,659
Trade receivables - related company	30,484	21,946
Other receivables, deposits and prepayments	8,110	29,245
Current tax assets	3,391	2,636
Cash and cash equivalents	46,522	37,561
	<u>111,962</u>	<u>125,736</u>
TOTAL ASSETS	<u>1,155,594</u>	<u>1,295,522</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	885,198	885,198
Reserves	(70,063)	14,469
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>815,135</u>	<u>899,667</u>
Non-controlling interests	136	136
TOTAL EQUITY	<u>815,271</u>	<u>899,803</u>
NON-CURRENT LIABILITIES		
Loans and borrowings	25,735	103,290
Other payables - related company	140,721	-
Deferred tax liabilities	3,106	3,277
	<u>169,562</u>	<u>106,567</u>
CURRENT LIABILITIES		
Loans and borrowings	76,245	22,397
Trade payables - external parties	29,235	32,153
Other payables - external parties	8,066	16,598
Other payables - related company	57,159	216,876
Current tax liabilities	56	1,128
	<u>170,761</u>	<u>289,152</u>
TOTAL LIABILITIES	<u>340,323</u>	<u>395,719</u>
TOTAL EQUITY AND LIABILITIES	<u>1,155,594</u>	<u>1,295,522</u>
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)		
	0.37	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 FOURTH QUARTER
ENDED 31 DECEMBER 2020

STATEMENT OF CASH FLOWS

	(Unaudited) Year Ended 31-Dec-20 RM'000	(Audited) Year Ended 31-Dec-19 RM'000
Cash flows from operating activities		
Loss before tax	(53,879)	(12,381)
<i>Adjustments for:</i>		
Impairment loss on financial assets	257	-
Impairment loss/(Reversal of impairment loss) on property, plant and equipment	33,667	(11,945)
Depreciation of property, plant and equipment	81,370	80,797
Finance costs	12,075	55,200
Finance income	(2,529)	(22,564)
Unrealised gain on foreign exchange	(3,845)	(1,564)
Operating profit before changes in working capital	67,116	87,543
<i>Changes in working capital:</i>		
Inventories	(852)	719
Trade and other receivables, deposits and prepayments	23,416	(11,485)
Trade and other payables	(4,987)	(20,622)
Cash generated from operations	84,693	56,155
Income tax paid	(3,159)	(1,794)
Net cash from operating activities	81,534	54,361
Cash flows for investing activities		
Interest received	895	871
Purchase of property, plant and equipment	(16,704)	(13,016)
Withdrawal of fixed deposits pledged	-	6,083
Net cash used in investing activities	(15,809)	(6,062)

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STATEMENT OF CASH FLOWS

	(Unaudited) Year Ended 31-Dec-20 RM'000	(Audited) Year Ended 31-Dec-19 RM'000
Cash flows from financing activities		
(Repayment to)/Advances from a related company	(22,700)	455,000
(Repayment)/Drawdown of term loan - Islamic	(1,964)	10,200
Repayment of Sukuk	-	(445,247)
Repayment of secured term loans	(17,928)	(13,669)
Repayment of revolving credits	(1,748)	(252)
Security deposit paid	-	(12,000)
Interest paid	(8,401)	(12,746)
Coupon paid	-	(24,267)
Net cash used in financing activities	(52,741)	(42,981)
Net increase in cash and cash equivalents	12,984	5,318
Effect of exchange rate movements	(4,023)	1,781
Cash and cash equivalents at the beginning of the financial year	37,561	30,462
Cash and cash equivalents at the end of the financial year	46,522	37,561
Cash and cash equivalents		
Deposits placed with licensed banks	28,420	19,867
Cash on hand and at banks	18,102	17,694
	46,522	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 FOURTH QUARTER ENDED 31 DECEMBER 2020

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	[-----Attributable to owners of the Company-----]								
	[-----Non-distributable -----]							Non-Controlling Interest	Total Equity
	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
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	466,848	(466,848)	-	-	-	-	-	-	-
Total comprehensive expense for the year	-	-	-	-	(18,704)	(65,828)	(84,532)	-	(84,532)
Balance as at 31 December 2020 (Unaudited)	878,067	7,131	-	1,635	51,738	(123,436)	815,135	136	815,271

* *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)

INTERIM FINANCIAL REPORT FOR THE FOURTH 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 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.

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

MFRS / Amendments / Interpretations	Effective Date
Amendments to MFRS 9, <i>Financial Instruments</i> , MFRS 139, <i>Financial Instruments: Recognition and Measurement</i> , MFRS 7, <i>Financial Instruments: Disclosures</i> , MFRS 4, <i>Insurance Contracts</i> and MFRS 16, <i>Leases – Interest Rate Benchmark Reform – Phase 2</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

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

2. Changes in Accounting Policies (Cont'd)

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

MFRS / Amendments / Interpretations	Effective Date
Amendments to Illustrative Examples accompanying MFRS 16, <i>Leases (Annual Improvements to MFRS Standards 2018 – 2020)</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
MFRS 17, <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101, <i>Presentation of Financial Statements – Classification of Liabilities as Current or Non-current</i>	1 January 2023
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 those of the accounting standards, interpretations and amendments aforementioned:

- which is effective for annual periods beginning on or after 1 June 2020, from the annual period beginning on 1 January 2021.
- which are effective for annual periods beginning on or after 1 January 2021, from the annual period beginning on 1 January 2021.
- which are effective for annual periods beginning on or after 1 January 2022, from the annual period beginning on 1 January 2022.
- which are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 which is not applicable to the Group, from the annual period beginning on 1 January 2023.

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 year 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 year to-date, the other income comprises net realised/unrealised foreign exchange gain of RM3.6 million and RM2.5 million respectively whereas other comprehensive expenses include foreign currency translation loss of RM36.7 million and RM18.7 million respectively.

In addition, the Group has made an additional allowance for impairment loss on PPE of USD1.2 million (equivalent to RM4.9 million) (see Note 11) during the quarter under review, bringing the total allowance for impairment loss for PPE to USD8.0 million (equivalent to RM33.7 million) for the financial year to-date. A deferred tax expense of RM10.6 million (see Note 21) has also been recognised in the current financial year.

6. Material Changes in Estimates

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

7. Issuance and Repayment of Debts and Equity Securities

There have been no cancellation, repurchase, resale and repayment of debts and equity securities in the current quarter and financial year to-date other than a total conversion of 1,436,454,137 Redeemable Convertible Preference Shares (“RCPS”) into new ordinary shares at a conversion ratio of 1 RCPS : 1 ordinary share of the Company. The issue price and conversion price of the RCPS is RM0.325 per share. As at 31 December 2020, a total of RM466,847,595 RCPS in value has been converted into ordinary shares.

8. Dividends Paid

No dividend has been declared or paid for the financial year ended 31 December 2019 and 31 December 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 31-Dec-20 RM'000	Corresponding Quarter Ended 31-Dec-19 RM'000
Segment (loss)/profit	(14,806)	18,577
<i>Included in the measure of segment (loss)/profit are:</i>		
Revenue from external customers	36,232	64,044
Inter-segment revenue	58,031	102,944
Depreciation and amortization	(19,833)	(19,946)
(Impairment loss)/Reversal of impairment loss on property, plant and equipment	(4,876)	9,127
Finance costs	(541)	(4,650)
Finance income	115	20,979
Unrealised foreign exchange loss	4,012	1,755
Reconciliation of reportable segment revenues, profit or loss, assets and other material items		
Profit or loss		
Total (loss) / profit for reportable segments	(14,806)	18,577
Other non-reportable segments	(43,441)	(19,044)
Elimination of inter-segment profit	40,413	6,833
Consolidated (loss) / profit before tax	(17,834)	6,366

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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 31 December 2020	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000
Total reportable segments	36,232	(19,833)	(541)	115
Other non-reportable segments	-	(18)	(1,769)	11
Elimination of inter-segment transactions or balances	-	-	-	-
Consolidated total	36,232	(19,851)	(2,310)	126

Corresponding Quarter Ended 31 December 2019	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000
Total reportable segments	64,044	(19,946)	(4,650)	20,797
Other non-reportable segments	-	(31)	(9,333)	131
Elimination of inter-segment transactions or balances	-	-	-	-
Consolidated total	64,044	(19,977)	(13,983)	21,110

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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 Year versus Corresponding Year

	Marine Offshore Support Services	
	Current Year-to-date Ended 31-Dec-20 RM'000	Corresponding Year-to-date Ended 31-Dec-19 RM'000
Segment (loss)/profit	(80,222)	42,133
<i>Included in the measure of segment (loss)/profit are:</i>		
Revenue from external customers	208,348	239,997
Inter-segment revenue	270,040	312,322
Depreciation and amortization	(81,261)	(80,668)
(Impairment loss)/Reversal of impairment loss on property, plant and equipment	(33,667)	11,945
Finance costs	(2,950)	(10,705)
Finance income	2,275	22,261
Unrealised foreign exchange gain	4,019	1,876
Segment assets	987,508	1,173,094
Reconciliation of reportable segment revenues, profit or loss, assets and other material items		
Profit or loss		
Total (loss) / profit for reportable segments	(80,222)	42,133
Other non-reportable segments	(44,285)	(60,464)
Elimination of inter-segment profit	70,628	5,950
Consolidated loss before tax	(53,879)	(12,381)

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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 Year versus Corresponding Year (Cont'd)

As at 31 December 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	208,348	(81,261)	(2,950)	2,275	987,508
Other non-reportable segments	-	(109)	(9,125)	254	848,762
Elimination of inter- segment transactions or balances	-	-	-	-	(675,800)
Consolidated total	208,348	(81,370)	(12,075)	2,529	1,160,470

As at 31 December 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	239,997	(80,668)	(10,705)	22,261	1,173,094
Other non-reportable segments	-	(129)	(44,495)	302	920,794
Elimination of inter- segment transactions or balances	-	-	-	-	(798,366)
Consolidated total	239,997	(80,797)	(55,200)	22,564	1,295,522

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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 31-Dec-20 RM'000	Corresponding Quarter Ended 31-Dec-19 RM'000
Major service line		
Catering services	1,204	(1,520)
Timing of recognition		
At a point in time	1,204	(1,520)

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 December 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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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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 current financial period to better reflect the present economic and market conditions.

For the current financial quarter ended 31 December 2020, the Group has provided for an additional allowance of impairment loss on PPE of USD1.2 million (equivalent to RM4.9 million), resulting in a total impairment loss on PPE of USD8.0 million (equivalent to RM33.7 million) in the current financial year. As a result, the Group’s accumulated impairment loss has increased from USD9.6 million (equivalent to RM39.2 million) as at 31 December 2019 to USD17.6 million (equivalent to RM70.7 million) as at 31 December 2020.

12. Material Events Subsequent to the Reporting Period

There were no material events subsequent to the current financial quarter ended 31 December 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 year ended 31 December 2020, except for:

(i) 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 (“Dissolution”).

The rationale for the 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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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
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The following are the contingent liabilities of the Group as at 31 December 2020:

	As at 31-Dec-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	600,600	600,600
- subsidiaries	-	89,473
	<u>600,600</u>	<u>690,073</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 17 February 2021, 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 December 2020, the Group has the following capital commitments:

	Current Year Ended 31-Dec-20 RM'000	Corresponding Year Ended 31-Dec-19 RM'000
Approved but not contracted for	4,202	13,000
Approved and contracted for	8,798	-
	<u>13,000</u>	<u>13,000</u>

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

	Current Quarter Ended 31-Dec-20 RM'000	Corresponding Quarter Ended 31-Dec-19 RM'000
Company		
i. Subsidiaries:		
- management fees income	414	369
ii. Related party:		
- interest expense	1,656	3,778
- rental expense	15	15
Group		
i. Related party:		
- vessel charter income	9,141	22,272
- interest expense	1,656	3,778
- 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-Dec-20 RM'000	Corresponding Quarter Ended 31-Dec-19 RM'000
Short-term employee benefits	235	248

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	Current	Corresponding	Variance	
	Quarter Ended	Quarter Ended	RM'000	%
	31-Dec-20	31-Dec-19	RM'000	%
	RM'000	RM'000		
Revenue	36,232	64,044	(27,812)	(43)
Gross (Loss)/Profit	(10,891)	6,949	(17,840)	(257)
Loss Before Interest and Taxation	(15,650)	(761)	(14,889)	(1,957)
(Loss)/Profit Before Taxation	(17,834)	6,366	(24,200)	(380)
Loss After Taxation	(18,530)	(2,709)	(15,821)	(584)
Loss Attributable to Ordinary Equity Holders of the Company	(18,530)	(2,709)	(15,821)	(584)

For the current quarter ended 31 December 2020, the Group has recorded a lower revenue of RM36.2 million and a loss before tax of RM13.0 million, as compared to a revenue of RM64.0 million and a profit before tax of RM6.4 million in the fourth quarter of 2019.

The decrease in revenue and gross profit in the current quarter is mainly attributable to lower vessel utilisation at 41% as compared to 74% in the fourth quarter of 2019. This is a result of slower work orders/contracts being awarded from oil majors in the fourth quarter of 2020 arising from the adverse impact of COVID-19. The loss before tax of RM17.8 million in the current quarter is arrived at, after taking into account additional allowance for impairment loss on PPE of RM4.9 million (see Note 11) as well as legal expenses of RM1.0 million, compared to a net realised/unrealised foreign exchange gain of RM1.5 million and the reversal of impairment loss on PPE of RM9.1 million in the fourth quarter of 2019. The loss after taxation in the current quarter has taken into account tax expenses amounting to RM0.4 million and deferred tax expense of RM0.3 million (see Note 21).

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17. Review of Financial Performance (Cont'd)

Current Year-to-Date versus Preceding Year-to-Date

	Current Year-to-date Ended 31-Dec-20 RM'000	Corresponding Year-to-date Ended 31-Dec-19 RM'000	Variance	
			RM'000	%
Revenue	208,348	239,997	(31,649)	(13)
Gross (Loss)/Profit	(2,778)	26,652	(29,430)	(110)
(Loss)/Profit Before Interest and Taxation	(44,333)	20,255	(64,588)	(319)
Loss Before Taxation	(53,879)	(12,381)	(41,498)	(335)
Loss After Taxation	(65,828)	(23,004)	(42,824)	(186)
Loss Attributable to Ordinary Equity Holders of the Company	<u>(65,828)</u>	<u>(23,003)</u>	<u>(42,825)</u>	<u>(186)</u>

For the financial year ended 31 December 2020, the Group recorded a lower revenue of RM208.3 million and a loss before taxation of RM49.0 million as compared to the revenue of RM240.0 million and loss before taxation of RM12.4 million for the previous year ended 31 December 2019.

The decrease in revenue is mainly due to lower vessel utilisation at 53% for the financial year ended 31 December 2020 as compared to 70% in the corresponding period ended 31 December 2019. The gross profit has seen a larger reduction as a result of higher operating costs arising from exceptional COVID-19 related costs incurred since March 2020.

In addition, the Group recorded a higher loss before taxation for the financial year ended 31 December 2020 after taking into account an impairment loss on PPE of RM33.7 million as well as legal expenses of RM1.0 million, as compared to a reversal of impairment loss on PPE of RM11.9 million and a gain on bargain purchase of RM18.8 million arising from the acquisition of a new subsidiary in the preceding year. The loss after taxation in the current year has taken into account tax expenses amounting to approximately RM1.4 million and deferred tax expense of RM10.6 million (see Note 21).

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	Current Quarter Ended 31-Dec-20 RM'000	Corresponding Quarter Ended 30-Sep-20 RM'000	Variance	
			RM'000	%
Revenue	36,232	52,452	(16,220)	(31)
Gross (Loss)/Profit	(10,891)	(1,784)	(9,107)	(510)
Loss Before Interest and Taxation	(15,650)	(17,561)	1,911	11
Loss Before Taxation	(17,834)	(19,944)	2,110	11
Loss After Taxation	(18,530)	(30,518)	11,988	39
Loss Attributable to Ordinary Equity Holders of the Company	(18,530)	(30,518)	11,988	39

The Group recorded a revenue of RM36.2 million and a loss before tax of RM13.0 million in the current quarter, as compared to a revenue of RM52.5 million and a loss before tax of RM19.9 million in the preceding quarter.

The decrease in revenue in the current quarter is mainly due to lower vessel utilisation at 41% in the current quarter as compared to 50% in the third quarter of 2020. The lower vessel utilisation in the third 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.

In addition, the lower loss before tax recorded in the current quarter has taken into account additional allowance for impairment loss on PPE of RM4.9 million as well as legal expenses of RM1.0 million, as compared to a net realised/unrealised foreign exchange gain of RM3.0 million as well as an additional allowance for impairment loss on PPE of RM17.9 million recognised in the preceding quarter. The loss after taxation in the current quarter has taken into account tax expenses amounting to RM0.4 million and deferred tax expense of RM0.3 million (see Note 21).

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19. Prospects

The financial performance of Perdana Petroleum (“the Group”) in the fourth quarter of 2020 was weaker as expected due to the seasonal monsoon weather and the reimposition of the Conditional Movement Control Order (“CMCO”) by the Government of Malaysia to contain the spread of COVID-19 pandemic.

Going forward, we are of the opinion that the outlook of the oil and gas industry and hence the Group will be healthier in 2021 on the premises that crude oil price would remain at current levels, which are reasonably high enough to spur oil majors to undertake their planned capital expenditure. We also expect that the economic activities would be gradually getting back to normal once the vaccine inoculation program is rolled out by the Malaysian government by the end of February 2021.

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 medium term.

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20. Loss for the Quarter / Period

	Current Quarter Ended 31-Dec-20 RM'000	Corresponding Quarter Ended 31-Dec-19 RM'000	Current Year-to-date Ended 31-Dec-20 RM'000	Corresponding Year-to-date Ended 31-Dec-19 RM'000
Depreciation of property, plant and equipment	19,851	19,977	81,370	80,797
Impairment loss/ (Reversal of impairment loss) on property, plant and equipment	4,876	(9,127)	33,667	(11,945)
(Reversal of impairment loss)/Impairment loss on financial assets	(27)	-	257	-
Interest expense	2,310	13,983	12,075	55,200
(Gain)/Loss on bargain purchase	-	(8,217)	27	(18,778)
Interest income	(126)	(2,110)	(2,529)	(22,564)
Loss / (Gain) on foreign exchange:				
- realised	(594)	806	1,306	465
- unrealised	(2,994)	(2,325)	(3,845)	(1,564)

Save for the above, there were no write off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, other income including investment income and exceptional items for the current quarter and financial year ended 31 December 2020.

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

	Current Quarter Ended 31-Dec-20 RM'000	Corresponding Quarter Ended 31-Dec-19 RM'000	Current Year-to-date Ended 31-Dec-20 RM'000	Corresponding Year-to-date Ended 31-Dec-19 RM'000
Current tax expense:				
Malaysian - current year	432	1,469	1,907	3,050
- prior year	-	40	(539)	7
	432	1,509	1,368	3,057
Deferred tax expense /(income):				
- Origination and reversal of temporary differences	(387)	4,403	5,975	4,403
- Under/(Over)provision in prior year	651	3,163	4,606	3,163
	264	7,566	10,581	7,566
Total Tax Expense	696	9,075	11,949	10,623

Despite the consolidated losses for the current quarter and financial year to-date, the Group still incurs a current tax charge of RM0.4 million as the losses incurred by certain group entities cannot be offset against the taxable profits made by other group entities.

A deferred tax expense of RM10.6 million has been recognised during the financial year ended 31 December 2020, as a result of the utilisation of unabsorbed capital allowances by a subsidiary pursuant to the 25% non-deductibility rules for payments made to Labuan companies.

22. Corporate Proposals

There were no corporate proposals announced but not completed as at 17 February 2021, being the latest practicable date not earlier than 7 days from the date of issue of this interim report.

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23. Borrowings

Total Group's borrowings as at 31 December 2020 were as follows:

	As at Current Year Ended 31-Dec-2020					
	Non-current		Current		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
- Term loans	3,645	14,638	18,399	73,888	22,044	88,526
- Islamic facility	-	11,097	-	2,357	-	13,454
Total	3,645	25,735	18,399	76,245	22,044	101,980

Exchange rate (USD: MYR) at USD1: MYR4.016

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 December 2020, the total outstanding borrowings is RM102.0 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.

As at 31 December 2020, the Group did not meet certain covenant of a term loan with total carrying amount of RM49.2 million. As a result, the non-current portion of term loan of RM40.6 million was reclassified to current liability as at 31 December 2020.

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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 2019 up to 17 February 2021, being the latest practicable date not earlier than 7 days from the date of issue of this interim report.

(i) Claim for Indemnification of Legal Fees by Former Directors

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 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 had been fully settled in September 2019.

On 27 June 2019, the Company 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 had yet to obtain the grounds of judgement from the High Court and that the Company had issued several reminders to the High Court. Therefore, the Court of Appeal had 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 received the ground of judgment from the High Court in January 2020 and all the parties had 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 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 full e-Appellate is scheduled to take place on 21 June 2021.

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On 11 January 2021, the Company made an announcement that a wholly-owned subsidiary of the Company, Perdana Nautika Sdn Bhd (“PNSB”) was served a winding-up petition on 8 January 2020 by Two Offshore Marine Sdn Bhd (“TOMSB”). The winding up petition (“Petition”) was presented by the solicitors of TOMSB to the Kuala Lumpur High Court (“KLHC”) on 6 January 2021.

PNSB and TOMSB had claims against each other arising from separate charterparties transacted between the parties. PNSB had filed a suit at the KLHC against TOMSB, which remained to be litigated. Notwithstanding this, TOMSB had elected to proceed by way of a winding-up petition against PNSB for the amount of RM1,648,706.53, despite the fact that PNSB had a competing cross claim against TOMSB.

A case management and hearing of the Petition had since been fixed on 9 February 2021 and 17 March 2021 respectively.

On 9 February 2021, TOMSB had filed the order for termination of the Petition with no order as to costs. Both parties had terminated all other related suits against each other with no order as to costs and without liberty to file afresh within three (3) working days of the receipt of the full settlement sum of RM1.1 million which was paid on 9 February 2021, the amount of which had been provided for in the financial year ended 31 December 2020.

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.

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26. Loss Per Share

a) Basic

	Current Quarter Ended 31-Dec-20	Corresponding Quarter Ended 31-Dec-19	Current Year-to-date Ended 31-Dec-20	Corresponding Year-to-date Ended 31-Dec-19
Net loss attributable to shareholders (RM'000)	(18,530)	(2,709)	(65,828)	(23,004)
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	1,279,188,645	-	1,279,188,645	-
Weighted average number of ordinary shares in issue	2,057,659,594	778,470,949	2,057,659,594	778,470,949
Basic loss per ordinary share (Sen)	(0.90)	(0.35)	(3.20)	(2.95)

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 year ended 31 December 2020, only 27,175,062 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

*Tengku Dato' Yusof Bin Tengku Ahmad Shahrudin
Managing Director*

Date: 23 February 2021