



PERDANA PETROLEUM BERHAD

Company No. 372113-A
(Incorporated in Malaysia)

Interim Report for the Quarter Ended 30 June 2022

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	-----Unaudited-----			
	Current Quarter Ended 30-June-22 RM'000	Corresponding Quarter Ended 30-June-21 RM'000	Current Period-to-date Ended 30-June-22 RM'000	Corresponding Period-to-date Ended 30-June-21 RM'000
Revenue	43,177	38,556	71,992	55,396
Cost of services	(41,524)	(43,336)	(80,723)	(80,140)
Gross profit/(loss)	1,653	(4,780)	(8,731)	(24,744)
Other income	136	252	391	259
Administrative expenses	(2,795)	(2,371)	(5,270)	(4,559)
Other expenses	(3,473)	(30,044)	(2,786)	(33,223)
Results from operating activities	(4,479)	(36,943)	(16,396)	(62,267)
Finance income	2	54	7	140
Finance costs	(1,833)	(2,058)	(3,682)	(4,159)
Net finance costs	(1,831)	(2,004)	(3,675)	(4,019)
Loss before tax	(6,310)	(38,947)	(20,071)	(66,286)
Taxation	(228)	(169)	(470)	(334)
Loss for the period	(6,538)	(39,116)	(20,541)	(66,620)
<i>Other comprehensive income</i>				
Foreign currency translation	37,067	(328)	42,219	35,406
Total comprehensive (loss)/ income for the period attributable to Owners of the Company	30,529	(39,444)	21,678	(31,214)
Loss for the period attributable to:				
Owners of the Company	(6,538)	(39,116)	(20,541)	(66,620)
Non-controlling interests	-	- *	-	- *
	(6,538)	(39,116)	(20,541)	(66,620)
Total comprehensive (loss)/income for the period attributable to:				
Owners of the Company	30,529	(39,444)	21,678	(31,214)
Non-controlling interests	-	-	-	-
	30,529	(39,444)	21,678	(31,214)
Loss per share (Sen)				
a) Basic	(0.29)	(1.77)	(0.93)	(3.01)
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 2021)

PERDANA PETROLEUM BERHAD

(Company No. 372113 - A)

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER

ENDED 30 JUNE 2022

STATEMENT OF FINANCIAL POSITION

	(Unaudited) 30-June-22 RM'000	(Audited) 31-Dec-21 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	730,168	719,383
Deposits	10,879	10,879
Deferred tax assets	8,153	8,153
	<u>749,200</u>	<u>738,415</u>
CURRENT ASSETS		
Inventories	7,853	4,897
Trade receivables - external parties	20,523	31,045
Trade receivables - related company	22,170	13,311
Other receivables, deposits and prepayments	11,550	2,447
Other receivables - related company	4,291	5,042
Current tax assets	4,700	4,562
Fixed deposits with licensed banks	0	350
Cash and cash equivalents	14,823	23,093
	<u>85,910</u>	<u>84,747</u>
TOTAL ASSETS	<u>835,110</u>	<u>823,162</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	885,198	885,198
Reserves	(337,287)	(358,965)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>547,911</u>	<u>526,233</u>
Non-controlling interests	0	0
TOTAL EQUITY	<u>547,911</u>	<u>526,233</u>
NON-CURRENT LIABILITIES		
Loans and borrowings	41,247	48,941
Other payables - related company	150,708	156,008
Deferred tax liabilities	1,949	1,949
	<u>193,904</u>	<u>206,898</u>
CURRENT LIABILITIES		
Loans and borrowings	19,887	18,768
Trade payables - external parties	35,177	33,412
Other payables- external parties	3,605	5,179
Other payables - related company	34,626	32,672
	<u>93,295</u>	<u>90,031</u>
TOTAL LIABILITIES	<u>287,199</u>	<u>296,929</u>
TOTAL EQUITY AND LIABILITIES	<u>835,110</u>	<u>823,162</u>
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)	0.25	0.24

(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 2021)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2022

STATEMENT OF CASH FLOWS

	(Unaudited) Period Ended 30-June-22 RM'000	(Audited) Year Ended 31-Dec-21 RM'000
Cash flows from operating activities		
Loss before tax	(20,071)	(329,491)
<i>Adjustments for:</i>		
(Reversal)/Impairment loss on financial assets	(1,407)	11,799
Impairment loss on property, plant and equipment	-	220,012
Depreciation of property, plant and equipment	30,378	129,172
Inventory Written off	-	132
Finance costs	3,682	6,551
Finance income	(7)	(2,346)
Unrealised loss on foreign exchange	3,766	3,544
Operating profit before changes in working capital	<u>16,341</u>	<u>39,373</u>
<i>Changes in working capital:</i>		
Inventories	(2,956)	(2,488)
Trade and other receivables, deposits and prepayments	(18,261)	(3,030)
Trade and other payables	11,685	12,634
Cash generated from operations	6,809	46,489
Income tax paid	(470)	(2,233)
Net cash from operating activities	<u>6,339</u>	<u>44,256</u>
Cash flows for investing activities		
Interest received	7	849
Purchase of property, plant and equipment	(3,783)	(4,833)
Net cash used in investing activities	<u>(3,776)</u>	<u>(3,984)</u>
Cash flows from financing activities		
Repayment of term loan - Islamic	(1,179)	(2,357)
Repayment of term loan - Commodity Murabahah Financing I	(3,862)	(4,982)
Repayment of secured term loans	(4,643)	(28,859)
Repayment of hire purchase liability	(29)	(5)
Repayment to a related company	(2,270)	(20,430)
Interest paid	(1,645)	(11,026)
Net cash used in financing activities	<u>(13,628)</u>	<u>(67,659)</u>
Net decrease in cash and cash equivalents	(11,065)	(27,387)
Effect of exchange rate movements	2,445	4,308
Cash and cash equivalents at the beginning of the financial period/year	23,443	46,522
Cash and cash equivalents at the end of the financial period/year	<u>14,823</u>	<u>23,443</u>
Cash and cash equivalents		
Deposits placed with licensed banks	-	350
Cash on hand and at banks	14,823	23,093
	<u>14,823</u>	<u>23,443</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 2021)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2022

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company						Total Equity RM'000
	Ordinary Share Capital RM'000	Redeemable Convertible Preference Shares RM'000	Other Capital Reserve RM'000	Translation Reserve RM'000	Accumulated losses RM'000	Sub- Total RM'000	
Financial period ended 30 June 2022 (Unaudited)							
As at 1 January 2022	876,947	8,251	1,635	90,706	(451,306)	526,233	526,233
Total transactions with owners of the Company	84	(84)	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	42,219	(20,541)	21,678	21,678
Balance as at 30 June 2022	877,031	8,167	1,635	132,925	(471,847)	547,911	547,911
Financial year ended 31 December 2021 (Audited)							
As at 1 January 2021	876,397	8,801	1,635	51,471	(123,039)	815,265	815,265
Total transactions with owners of the Company	550	(550)	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	39,235	(328,267)	(289,032)	(289,032)
Balance as at 31 December 2021	876,947	8,251	1,635	90,706	(451,306)	526,233	526,233

(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 2021)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2022

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 2021. 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 2021.

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 2021, except for the adoption of the following Amendments from 1 January 2022:

MFRS / Amendments / Interpretations	Effective Date
Amendments to MFRS 16, <i>Leases – Covid 19 – Related Rent Concession beyond 30 June 2021</i>	1 April 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

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 2023
Amendments to MFRS 17, <i>Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information</i>	1 January 2023
Amendments to MFRS 101, <i>Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108, <i>Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112, <i>Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

2. Changes in Accounting Policies (Cont'd)

2.2 Accounting Standards, Amendments and Interpretations issued but not yet effective (Cont'd)

Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or contribution of Assets between an Investor and its Associate or Joint Venture*

To be determined

The Group and the Company plan to apply from the annual period beginning on 1 January 2023, the MFRS and Amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and Amendments to MFRS 17 which are not applicable to the Group and the Company.

The initial application of the abovementioned Accounting Standard and Amendments are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

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 2021.

4. Seasonal or Cyclical Factors

Due to its synergistic tie-up with Dayang Enterprise Holdings Bhd. (“Dayang”), the ultimate holding company, about one third to a half 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. The utilisation rate of the Group's vessels which are not chartered to Dayang is similarly affected by bad weather at the beginning and end of the year. This factor has been taken into consideration in the Group’s annual business plan.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, or cash flows during the current quarter and financial year to-date, except for other income/expenses and other comprehensive income/expenses arising from realized / unrealized foreign exchange gain/loss, foreign currency translation of investment in Labuan subsidiaries denominated in US Dollars.

During the current quarter and financial year to-date, other expenses comprise net realized / unrealized foreign exchange loss of RM3.8 million while countering to some extent was the reversal of impairment loss on receivables of RM1.4 million, whereas other comprehensive income includes foreign currency translation gain of RM42.2 million respectively.

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. Following the impairment exercise carried-out in Q4 of financial year 2021 and the change of the estimated useful life of Anchor Handling Tug Supply (AHTS), from 25 years to 15 years, the Group incurred lower depreciation charge of RM15.5 million in the current quarter as compared to RM20.2 million for the same period last year.

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 259,850 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.

The cumulative number of RCPS converted into ordinary shares of the Company since issuance is 1,438,412,842 as at 30 June 2022 and the number of RCPS yet to be converted as at that date is 25,216,357.

8. Dividends Paid

No dividend has been declared or paid for the financial year ended 31 December 2021 and the quarter ended 30 June 2022.

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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-22 RM'000	Corresponding Quarter Ended 30-Jun-21 RM'000
Segment loss	(8)	(37,134)
<i>Included in the measure of segment loss are:</i>		
Revenue from external customers	43,177	38,556
Inter-segment revenue	60,868	45,325
Depreciation and amortization	(15,508)	(20,245)
Impairment loss on property, plant and equipment	-	(29,981)
Reversal on impairment loss on receivables	1,407	-
Finance costs	(449)	(456)
Finance income	2	50
Unrealised foreign exchange (loss)/gain	(139)	1
Reconciliation of reportable segment revenues, profit or loss, assets, and other material items		
Profit or loss		
Total loss for reportable segments	(8)	(37,134)
Other non-reportable segments	(1,770)	(1,896)
Elimination of inter-segment loss	(4,532)	83
Consolidated loss before tax	(6,310)	(38,947)

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2022****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)**

	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000
Current Quarter Ended 30 June 2022				
Total reportable segments	43,177	(15,508)	(449)	2
Other non-reportable segments	-	(33)	(1,384)	-
Consolidated total	<u>43,177</u>	<u>(15,541)</u>	<u>(1,833)</u>	<u>2</u>

	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000
Corresponding Quarter Ended 30 June 2021				
Total reportable segments	38,556	(20,245)	(456)	50
Other non-reportable segments	-	(5)	(1,602)	4
Consolidated total	<u>38,556</u>	<u>(20,250)</u>	<u>(2,058)</u>	<u>54</u>

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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-22 RM'000	Corresponding Period-to-date Ended 30-Jun-21 RM'000
Segment loss	(11,017)	(59,617)
<i>Included in the measure of segment loss are:</i>		
Revenue from external customers	71,992	55,396
Inter-segment revenue	100,107	64,853
Depreciation and amortization	(30,353)	(40,276)
Impairment loss on property, plant and equipment	-	(29,981)
Reversal on impairment loss on receivables	1,407	-
Finance costs	(862)	(929)
Finance income	7	123
Unrealised foreign exchange gain	1,653	1
Segment assets	594,964	908,219
Reconciliation of reportable segment revenues, profit or loss, assets and other material items		
Profit or loss		
Total loss for reportable segments	(11,017)	(59,617)
Other non-reportable segments	(3,633)	(3,696)
Elimination of inter-segment loss	(5,421)	(2,973)
Consolidated loss before tax	(20,071)	(66,286)

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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 2022	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000
Total reportable segments	71,992	(30,353)	(862)	7	594,964
Other non-reportable segments	-	(25)	(2,820)	-	413,342
Elimination of inter- segment transactions or balances	-	-	-	-	(173,196)
Consolidated total	71,992	(30,378)	(3,682)	7	835,110

As at 30 June 2021	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000
Total reportable segments	55,396	(40,276)	(929)	123	908,220
Other non-reportable segments	-	(11)	(3,230)	17	817,200
Elimination of inter- segment transactions or balances	-	-	-	-	(635,750)
Consolidated total	55,396	(40,287)	(4,159)	140	1,089,670

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-22 RM'000	Corresponding Quarter Ended 30-Jun-21 RM'000
Major service line		
Catering services	1,856	676
Timing of recognition		
At a point in time	1,856	676

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.

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

The Group periodically reassesses its assets (except for inventories, deferred tax assets and financial assets) 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 generally adopts value-in-use ("VIU") estimations for the reassessment which entail discounting the estimated future cash flows from the continuing use of its PPE. The Group may, where warranted, commission valuations to be performed by an independent valuer to determine the recoverable amounts of certain vessels based on their fair value less costs of disposal. 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)

There were no revaluations of property, plant and equipment during the quarter ended 30 June 2022, after those carried out for the year ended 31 December 2021 (see below for further details). As at 30 June 2022, all major property, plant and equipment were stated at cost less accumulated depreciation and accumulated impairment losses.

For the year ended 31 December 2021, the Group reviewed its vessels for impairment in accordance with MFRS 136, *Impairment of Assets*. The recoverable amounts of the vessels were determined based on the higher of fair value less costs of disposal (“FVL COD”) and value in use (“VIU”). The Group considered each vessel with vessel parts and drydocking as a cash generating unit (“CGU”). In instances where the impairment loss of vessels was determined based on their FVL COD, valuations were performed by an independent valuer using the market approach to determine the FVL COD.

The Group’s accumulated impairment loss for PPE remains at USD76.3 million as at 30 June 2022 and 31 December 2021 (equivalent to RM309.4 million and RM293.8 million respectively), where the difference is attributable to the difference in exchange rate at the reporting dates.

12. Material Events Subsequent to the Reporting Period

There were no material events after the current financial quarter ended 30 June 2022 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 2022.

14. Contingent Liabilities

The following are the contingent liabilities of the Group as at 30 June 2022:

	As at 30-Jun-22	
	Group	Company
	RM'000	RM'000
<u>Contingent liabilities not considered remote</u>		
Corporate guarantees favouring banks for facilities granted to:		
- ultimate holding company	443,700	443,700
- subsidiaries	-	52,057
	<u>443,700</u>	<u>495,757</u>

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
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The Group's capital commitments as at 30 June 2022 are as follows:

	30-Jun-22	30-Jun-21
	RM'000	RM'000
Approved but not contracted for	14,287	2,115
Approved and contracted for	14,413	10,885
	28,700	13,000

16. Significant Related Party Transactions

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

Company	Current Quarter Ended 30-Jun-22 RM'000	Corresponding Quarter Ended 30-Jun-21 RM'000
i. Subsidiaries:		
- management fees income	423	378
ii. Related party:		
- interest expense	1,432	1,513
- rental expense	5	15
Group		
i. Related party:		
- vessel charter income	25,647	19,510
- interest expense	1,432	1,513
- rental expense	28	85

In the opinion of the Directors, the above transactions have been entered into in the ordinary course of business and have been established on terms that are not more favourable to the related parties than those generally available to the public.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

16. Significant Related Party Transactions (Cont'd)

b. Compensation of key management personnel

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

	Current Quarter Ended 30-Jun-22 RM'000	Corresponding Quarter Ended 30-Jun-21 RM'000
Short-term employee benefits	390	204

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**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 30-Jun-22 RM'000	Corresponding Quarter Ended 30-Jun-21 RM'000	Variance	
			RM'000	%
Revenue	43,177	38,556	4,621	12
Gross Profit/(Loss)	1,653	(4,780)	6,433	(135)
(Loss)/Profit Before Interest and Taxation	(4,479)	(37,173)	32,694	(88)
Loss Before Taxation	(6,310)	(38,947)	32,637	(84)
Loss After Taxation	(6,538)	(39,116)	32,578	(83)
Loss Attributable to Ordinary Equity Holders of the Company	(6,538)	(39,116)	32,578	(83)

For the current quarter ended 30 June 2022, the Group has recorded a higher revenue of RM43.2 million and a lower loss before tax of RM6.3 million, as compared to a revenue of RM38.6 million and a profit before tax of RM38.9 million in the second quarter of 2021.

The increase in revenue and gross profit achieved in the current quarter is mainly attributable to higher vessel utilization at 60% as compared to 51% in the second quarter of 2021, on account of improved charter rate and the revival of work orders and EPCC contracts that were deferred in previous years due to unfavorable oil price. There was no provision for impairment loss on PPE in the current quarter while some RM29.9 million of impairment loss was provided in the same period last year. This, together with lower depreciation charges (RM15.5 million vs RM20.2 million) as well as reversal of impairment loss on receivables of RM1.4 million in the current quarter contributed to the lower loss before tax of RM6.3 million for the quarter under review.

The loss after tax in the current quarter was arrived after taking account tax expenses amounting to RM0.2 million (see Note 21).

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	Current	Corresponding	Variance	
	Period-to-date	Period-to-date	RM'000	%
	Ended	Ended		
	30-Jun-22	30-Jun-21		
	RM'000	RM'000		
Revenue	71,992	55,396	16,596	30
Gross Loss	(8,731)	(24,744)	16,013	(65)
Loss Before Interest and Taxation	(16,396)	(62,496)	46,100	(74)
Loss Before Taxation	(20,071)	(66,286)	46,215	(70)
Loss After Taxation	(20,541)	(66,620)	46,079	(69)
Loss Attributable to Ordinary Equity Holders of the Company	(20,541)	(66,620)	46,079	(69)

For the financial period ended 30 June 2022, the Group recorded a higher revenue of RM72.0 million and a lower loss before tax of RM20.1 million, as compared to a revenue of RM55.4 million and a loss before tax of RM66.3 million for the corresponding period ended 30 June 2021.

The increase in revenue is mainly due to higher vessel utilisation at 47% for the financial period ended 30 June 2022 as compared to 38% in the corresponding period ended 30 June 2021, resulting from improved daily charter rate and work orders/contracts awarded from oil majors in the second quarter of 2022.

The Group recorded a much lower loss before tax for the financial period ended 30 June 2022. There were a reversal for impairment loss on receivables of RM1.4 million as well as a net realised/unrealised foreign exchange loss of RM3.8 million for six months ended 30 June 2022. By Comparison, an additional allowance for impairment loss on PPE of RM29.9 million was made and a net realised/unrealised foreign exchange loss of RM3.2 million was incurred in the corresponding period ended 30 June 2021.

The loss after tax in the current period has taken into account tax expenses amounting to approximately RM0.5 million (see Note 21).

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	Current Quarter Ended 30-Jun-22 RM'000	Corresponding Quarter Ended 31-Mar-22 RM'000	Variance	
			RM'000	%
Revenue	43,177	28,815	14,362	50
Gross Profit/(Loss)	1,653	(10,384)	12,037	(116)
Loss Before Interest and Taxation	(4,479)	(11,917)	7,438	(62)
Loss Before Taxation	(6,310)	(13,761)	7,451	(54)
Loss After Taxation	(6,538)	(14,003)	7,465	(53)
Loss Attributable to Ordinary Equity Holders of the Company	(6,538)	(14,003)	7,465	(53)

The Group recorded a higher revenue of RM43.2 million and a lower loss before tax of RM6.3 million in the current quarter, as compared to a revenue of RM28.8 million and a loss before tax of RM13.8 million in the preceding quarter.

The significant increase in revenue in the current quarter is mainly due to higher vessel utilisation at 60% for the second quarter as compared to 33% in the first quarter of 2022. The second quarter saw an improvement in charter rate and work orders/contracts awarded from oil majors while the bad weather at the beginning of the year affected the vessel utilization for the first quarter.

The loss before tax recorded in the current quarter has taken into account a net realized/unrealized foreign exchange loss of RM3.8 million and a reversal of impairment loss on receivables of RM1.4 million as compared to a net realized/unrealized foreign exchange gain of RM0.9 million and a net realized/unrealized foreign exchange loss of RM0.07 million in the preceding quarter. The loss after taxation in the current quarter has taken into account tax expenses amounting to RM0.2 million (see Note 21).

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19. Prospects

According to the PETRONAS Activity Outlook for 2022-2024, the prospect of the oil and gas industry in Malaysia looks positive and healthy.

It is then encouraging to note that the Group has registered an improved performance, narrowed the losses considerably for the second quarter of 2022 as compared to the corresponding quarter in 2021, which is an indication that the Group has started to turn the corner. The revival of EPCC contracts that have been deferred in previous years due to unfavorable oil price, has contributed positively towards the offshore support vessels businesses as seen from the increase in vessels utilization this year compared to 2021.

With crude oil prices expected to remain reasonably high for the remainder of 2022, PETRONAS and its Petroleum Arrangement Contractors companies are expected to undertake their planned capital expenditure, which will eventually benefit companies within the supply chain.

Nevertheless, the Board remains vigilant and will continue to exercise due care and prudence in the running and administration of the Group's business.

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20. Loss for the Quarter / Period

	Current Quarter Ended 30-Jun-22 RM'000	Corresponding Quarter Ended 30-Jun-21 RM'000	Current Period-to-date Ended 30-Jun-22 RM'000	Corresponding Period-to-date Ended 30-Jun-21 RM'000
Loss for the quarter / period is arrived at after charging / (crediting):				
Depreciation of property, plant and equipment	15,541	20,250	30,378	40,287
Impairment loss on property, plant and equipment	-	29,981	-	29,981
Reversal impairment loss on receivables	(1,407)	-	(1,407)	-
Interest expense	1,833	2,058	3,682	4,159
Interest income	(2)	(54)	(7)	(140)
(Gain)/Loss on foreign exchange:				
- realised	34	137	100	232
- unrealised	4,672	(85)	3,766	2,972

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 2022.

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-22 RM'000	Corresponding Quarter Ended 30-Jun-21 RM'000	Current Period-to-date Ended 30-Jun-22 RM'000	Corresponding Period-to-date Ended 30-Jun-21 RM'000
Current tax expense:				
Malaysian - current year	228	169	470	334

Despite the consolidated losses for the current quarter and financial period to-date, the Group still incurs a current tax charge of RM0.5 million as the losses incurred by certain group entities cannot be offset against the taxable profits made by other group entities.

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21. Taxation (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 Company to revise its tax computations for YA2011 and subsequent years. The Company engaged a tax consultant to assist in the matter and assess the tax impacts thereof. In February 2017, the Company 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 Company has not received any response from the IRB to its reply of February 2017. On 13 August 2019, the IRB has conducted a tax audit for YA 2011 to YA 2017 and further extended their review to YA 2019. On 31 March 2022, the IRB has issued a letter of closure indicating the tax audit is resolved with no additional tax payable and tax penalty.

Separately on 28 August 2019, the IRB has requested one of the group entities to furnish documents relating to YA 2015 to YA 2017. The Group has engaged a tax consultant to assist in the matter and has responded to the IRB’s request. This tax audit has resulted in a voluntary tax adjustment of RM2.2 million for YA 2016.

In addition to the above, the IRB has:

- (a) on 22 April 2021, written to seek clarification on certain asset transfers between group entities and the Group had since replied to the IRB. On 13 August 2021, the IRB has responded with their view and stance on the tax treatment of the asset transfers and the tax consultant had assisted to write an appeal to the IRB to rebut the IRB’s view; and
- (b) conducted transfer pricing tax audits of several subsidiaries of the Group for years of assessment varying from YA 2012 to YA 2017. The tax consultant has responded to the IRB on its enquiries arising from the audits.

Subsequently, the IRB has agreed, as settlement of the tax audits, to a tax adjustment and to offset it against the unutilized business losses and capital allowance of a subsidiary for YAs 2013 to 2019. The IRB has issued a non-chargeability notice to the affected group entities on 15 December 2021. Other than the aforementioned tax adjustment, there are no additional tax payable and tax penalty arising from the said tax audits.

All the tax audit as enumerated above have now been resolved and the resultant tax adjustment incorporated in the group financial statements.

22. Corporate Proposals

There were no corporate proposals announced but not completed as at 9 August 2022, 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 30 June 2022 were as follows:

	As at Current Period Ended 30-June-2022					
	Non-current		Current		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
- Term loans	7,848	34,586	3,964	17,470	11,812	52,056
- Islamic facility	-	6,438	-	2,357	-	8,795
- Finance lease	-	223	-	60	-	283
Total	7,848	41,247	3,694	19,887	11,812	61,134

Exchange rate (USD: MYR) at USD1: MYR4.407 (Source of reference: Bank Negara Malaysia website)

Total Group's borrowings as at 31 December 2021 were as follows:

	As at Previous Year Ended 31-Dec-2021					
	Non-current		Current		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
- Term loans	9,830	41,070	3,914	16,353	13,744	57,424
- Islamic facility	-	7,618	-	2,357	-	9,974
- Finance lease	-	253	-	58	-	311
Total	9,830	48,941	3,914	18,768	13,744	67,709

Exchange rate (USD: MYR) at USD1: MYR4.178 (Source of reference: Bank Negara Malaysia website)

As at 30 June 2022, the total outstanding borrowings is RM61.1 million as compared to RM67.7 million as at 31 December 2021.

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 of the Group is based on fixed interest rate whereas the term loans are based on floating interest rate.

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24. Material Litigations

Save as disclosed below, the Company and/or its subsidiaries are not presently engaged in any material litigation, material claim and arbitration either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Company and/or its subsidiaries or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of the Company and/or its subsidiaries.

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 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 was RM2,652,447. The said amount was 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 issued several reminders to the High Court. The Court of Appeal 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 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 had subsequently been fixed on 21 September 2020 and the hearing for the full e-Appellate was scheduled to take place on 21 June 2021.

The hearing proceeded on 21 June 2021 and was adjourned for decision to 16 August 2021. On 16 August 2021, the decision was pronounced in favor of the Company wherein, the appeal was allowed by the Court of Appeal with the Order of the High Court dated 29 May 2019 being set aside and cost of RM30,000 was awarded to the Company. As a result, the Plaintiffs were required to refund the judgment sum of RM2,652,447 to the Company together with the costs of RM30,000.

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24. Material Litigations (Cont'd)

The Court of Appeal Order and the Certificate of Allocator were sealed and perfected by the Registry of the Court of Appeal on 4 October 2021 upon issuance of the sealed Order and Certificate of Allocator. Upon the extraction of the court sealed documents, the Company's solicitors proceeded to demand for refund / payment of the sums due under the Court Order and the Certificate of Allocator together with RM30,000 costs granted by the Court of Appeal through the Plaintiff's solicitor. However, the Plaintiffs failed and/or refused to refund the sums due under the Court of Appeal Order. The Plaintiff's solicitors wrote to the Company's solicitors on 5 November 2021 enquiring as to whether the Company could withhold the execution of the Court of Appeal Order pending disposal of the Plaintiff's application for leave to appeal to the Federal Court filed on 15 September 2021. The Company's solicitors responded in the negative. The Plaintiff's leave application in the Federal Court was fixed for hearing on 18 February 2022 and all the relevant cause papers had been filed in court.

Given that the Plaintiffs did not refund the amount due under the Court of Appeal Order, the Company instructed the Company's solicitors to proceed to execute the Court of Appeal Order. Accordingly, a notice of demand was issued on 17 November 2021 for payment within 14 days. As the Plaintiffs failed, refused and/or neglected to satisfy the notice of demand, the Company instructed its solicitors to commence bankruptcy proceedings against the Plaintiffs. The Company's solicitors had prepared the Bankruptcy Notices to be served on the Plaintiffs. Upon the service of the Notices, the Company's solicitors will file the requisite Creditors' Petition in the Bankruptcy Court. The leave application in the Federal Court which was originally fixed for hearing on 18 February 2022 was rescheduled by the Federal Court to 12 May 2022.

The leave application in the Federal Court proceeded as scheduled on 12 May 2022. The Federal Court allowed the Plaintiffs' leave application to appeal to the Federal Court with costs in the cause. The Federal Court expressed that the subject matter of the appeal is a new area of law introduced under the Companies Act 2016 and the Federal Court would like to hear further arguments on this, as there is no decided case by Federal Court on this point of law thus far. The Plaintiffs have filed their notice of appeal and the record of appeal was served on our solicitors on 1 August 2022. The hearing of the Appeal in the Federal Court is fixed on 28 November 2022.

In relation to the bankruptcy notices, the solicitors have not been able to serve the bankruptcy notices personally on the Plaintiffs despite having made an appointment to serve the said notices. The solicitors have in February 2022 applied to court for leave to serve the notices by substituted service by advertising in the local newspapers and sending a copy of the notices by Acknowledgement of Receipt Registered post to the last known address as per the NRIC searches conducted on the Plaintiffs in March 2022. These substituted service applications are fixed for case management on 17 August 2022.

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25. Proposed Dividends

No interim dividends have been declared for the current quarter under review.

No dividends was declared or paid for the financial year ended 31 December 2021.

26. Loss Per Share

a) Basic

	Current Quarter Ended 30-Jun-22	Corresponding Quarter Ended 30-Jun-21	Current Period-to-date Ended 30-Jun-22	Corresponding Period-to-date Ended 30-Jun-21
Net loss attributable to shareholders (RM'000)	(6,538)	(39,116)	(20,541)	(66,620)
Number of ordinary shares at the beginning of the quarter/period	2,216,623,941	2,214,925,086	2,216,623,941	2,214,925,086
Effect of conversion of RCPS to ordinary shares	102,339	705,584	102,339	705,584
Weighted average number of ordinary shares in issue	2,216,726,280	2,215,630,670	2,216,726,280	2,215,630,670
Basic loss per ordinary share (Sen)	(0.29)	(1.77)	(0.93)	(3.01)

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 2022, only 25,216,357 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

*Jamalludin Bin Obeng
Managing Director*

Date: 15 August 2022