



PERDANA PETROLEUM BERHAD

Company No. 372113-A
(Incorporated in Malaysia)

Interim Report for the Quarter Ended 30 June 2023

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	-----Unaudited-----			
	Current Quarter Ended 30-June-23 RM'000	Corresponding Quarter Ended 30-June-22 RM'000	Current Year Ended 30-June-23 RM'000	Corresponding Year Ended 30-June-22 RM'000
Revenue	81,635	43,177	111,268	71,992
Cost of services	(43,983)	(41,524)	(79,479)	(80,723)
Gross profit/(loss)	37,652	1,653	31,789	(8,731)
Other income	1,109	136	1,263	391
Administrative expenses	(3,178)	(2,795)	(5,705)	(5,270)
Other expenses	(18,708)	(3,473)	(19,052)	(2,786)
Results from operating activities	16,875	(4,479)	8,295	(16,396)
Finance income	172	94	343	237
Finance costs	(3,179)	(1,925)	(4,476)	(3,912)
Net finance costs	(3,007)	(1,831)	(4,133)	(3,675)
Profit/(Loss) before tax	13,868	(6,310)	4,162	(20,071)
Taxation	(5,222)	(228)	(3,773)	(470)
Profit/(Loss) for the period/year	8,646	(6,538)	389	(20,541)
<i>Other comprehensive income:</i>				
<i>Foreign currency translation</i>	56,364	37,067	54,380	42,219
Total comprehensive income for the period/year attributable to Owners of the Company	65,010	30,529	54,769	21,678
Profit/(Loss) for the period/year attributable to:				
Owners of the Company	8,646	(6,538)	389	(20,541)
Non-controlling interests	-	-	-	-
	8,646	(6,538)	389	(20,541)
Total comprehensive income for the period/year attributable to:				
<i>Owners of the Company</i>	65,010	30,529	54,769	21,678
<i>Non-controlling interests</i>	-	-	-	-
	65,010	30,529	54,769	21,678
Profit/(Loss) per share (Sen)				
a) Basic	0.39	(0.29)	0.02	(0.93)
b) Diluted	N/A	N/A	N/A	N/A

(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 2022)

PERDANA PETROLEUM BERHAD

(Company No. 372113 - A)

(Incorporated in Malaysia)



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER

ENDED 30 JUNE 2023

STATEMENT OF FINANCIAL POSITION

	(Unaudited) 30-June-23 RM'000	(Audited) 31-Dec-22 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	708,285	695,648
Deposits	-	11,087
Deferred tax assets	9,329	7,240
	<u>717,614</u>	<u>713,975</u>
CURRENT ASSETS		
Inventories	6,511	2,823
Trade and other receivables	97,035	51,212
Deposits and prepayments	5,057	3,483
Current tax assets	6,585	5,847
Cash and cash equivalents	34,891	45,428
	<u>150,079</u>	<u>108,793</u>
TOTAL ASSETS	<u>867,693</u>	<u>822,768</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	885,198	885,198
Reserves	(245,100)	(299,869)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>640,098</u>	<u>585,329</u>
Non-controlling interests	0	0
TOTAL EQUITY	<u>640,098</u>	<u>585,329</u>
NON-CURRENT LIABILITIES		
Loans and borrowings	22,115	32,642
Trade and other payables	113,606	118,453
Deferred tax liabilities	1,909	1,909
	<u>137,630</u>	<u>153,004</u>
CURRENT LIABILITIES		
Loans and borrowings	14,853	19,919
Trade and other payables	67,762	63,056
Current tax liabilities	7,350	1,460
	<u>89,965</u>	<u>84,435</u>
TOTAL LIABILITIES	<u>227,595</u>	<u>237,439</u>
TOTAL EQUITY AND LIABILITIES	<u>867,693</u>	<u>822,768</u>
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)	0.29	0.26

(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 2022)

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2023**

STATEMENT OF CASH FLOWS

	(Unaudited) Year Ended 30-June-23 RM'000	(Audited) Year Ended 31-Dec-22 RM'000
Cash flows from operating activities		
Profit before tax	4,162	13,727
<i>Adjustments for:</i>		
(Reversal)/Net impairment loss on financial assets	(1,677)	270
Reversal of impairment loss on property, plant and equipment	-	(11,363)
Depreciation of property, plant and equipment	26,833	60,611
Gain on disposal of property, plant and equipment	-	(1,161)
Finance costs	4,476	7,303
Finance income	(343)	(263)
Unrealised loss on foreign exchange	18,448	10,391
Operating profit before changes in working capital	<u>51,899</u>	<u>79,515</u>
<i>Changes in working capital:</i>		
Inventories	(3,688)	2,074
Trade and other receivables, deposits and prepayments	(45,224)	(590)
Trade and other payables	(16,036)	(12,653)
Cash (used in)/generated from operations	<u>(13,049)</u>	<u>68,346</u>
Income tax received	936	333
Income tax paid	(1,733)	(1,627)
Net cash (used in)/from operating activities	<u>(13,846)</u>	<u>67,052</u>
Cash flows for investing activities		
Interest received	343	55
Proceeds from disposal of property, plant and equipment	-	19,749
Refundable deposits refunded	12,000	-
Purchase of property, plant and equipment	(1,706)	(4,812)
Net cash generated from investing activities	<u>10,637</u>	<u>14,992</u>
Cash flows from financing activities		
Repayment of term loan - Islamic	(10,455)	(2,357)
Repayment of term loan - Commodity Murabahah Financing I	(4,037)	(7,732)
Repayment of secured term loans	(4,853)	(9,549)
Repayment of hire purchase liability	(30)	(58)
Repayment to a related company	(4,086)	(32,234)
Interest paid	(5,086)	(13,087)
Net cash used in financing activities	<u>(28,547)</u>	<u>(65,017)</u>
Net (decrease)/increase in cash and cash equivalents	(31,756)	17,027
Effect of exchange rate movements	21,219	4,958
Cash and cash equivalents at the beginning of the financial period/year	45,428	23,443
Cash and cash equivalents at the end of the financial period/year	<u>34,891</u>	<u>45,428</u>
Cash and cash equivalents		
Deposits placed with licensed banks	21,500	35,624
Cash on hand and at banks	13,391	9,804
	<u>34,891</u>	<u>45,428</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 2022)**

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

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 year ended 30 June 2023 (Unaudited)							
As at 1 January 2023	877,204	7,994	1,635	140,583	(442,087)	585,329	585,329
Total transactions with owners of the Company	249	(249)	-	-	-	-	-
Total comprehensive income for the period	-	-	-	54,380	389	54,769	54,769
Balance as at 30 June 2023	877,453	7,745	1,635	194,963	(441,698)	640,098	640,098
Financial year ended 31 December 2022 (Audited)							
As at 1 January 2022	876,947	8,251	1,635	90,706	(451,306)	526,233	526,233
Reclassification				2,166	(2,166)	-	-
Total transactions with owners of the Company	257	(257)	-	-	-	-	-
Total comprehensive income for the year	-	-	-	47,711	11,385	59,096	59,096
Balance as at 31 December 2022	877,204	7,994	1,635	140,583	(442,087)	585,329	585,329

(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 2022)

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2023**

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 2022. 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 2022.

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 2022, except for the adoption of the following Amendments from 1 January 2023:

MFRS / Amendments / Interpretations	Effective Date
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

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

MFRS / Amendments / Interpretations	Effective Date
Amendments to MFRS 16, <i>Leases– Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101, <i>Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current</i>	1 January 2024

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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 2024, the Amendments that are effective for annual periods beginning on or after 1 January 2024,

The initial application of the abovementioned Amendments is not expected to have any material financial impact on 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 2022.

4. Seasonal or Cyclical Factors

Due to its synergistic tie-up with Dayang Enterprise Holdings Bhd. (“Dayang”), the ultimate holding company, about a quarter 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 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 except for other income/expenses and other comprehensive income/expenses arising from realised/unrealised foreign exchange gain/loss, and gain on foreign currency translation of the results and financial position of the Labuan subsidiaries.

During the current financial period, other income mainly comprises a reversal of impairment loss on receivables of RM1.7 million. Other expenses comprise of net realised/unrealised foreign exchange loss of RM18.6 million, whereas other comprehensive income includes foreign currency translation gain of RM54.4 million respectively.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

6. Material Changes in Estimates

In 2022, an oil-major client agreed on a Revision of the Vessel Age Limit of AHTS from fifteen (15) years to twenty (20) years subject to the fulfillment of the Conditional Assessment Programme ("CAP") and Overall Offshore Vessel Management Self-Assessment ("OVMSA"). Taking cognizance of the above revision and the improving prospects of the oil market, the Group re-assessed the value-in-use of the AHTS and other vessels, following which a net reversal of provision for impairment loss on property, plant and equipment of RM11.4 million was made for the quarter and year ended 31 December 2022. There is no such reversal of provision for impairment loss nor additional provision for impairment loss in the current quarter.

7. Issuance and Repayment of Debts and Equity Securities

There has been no cancellation, repurchase, resale or repayment of debts and equity securities in the current quarter and financial year other than the conversion of 804,200 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 1,439,752,242 as at 30 June 2023 and the number of RCPS yet to be converted as at that date is 23,876,957.

8. Dividends Paid

No dividend has been declared or paid for the financial year ended 31 December 2022 and the quarter ended 30 June 2023.

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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-23 RM'000	Corresponding Quarter Ended 30-Jun-22 RM'000
Segment profit/(loss)	19,392	(8)
<i>Included in the measure of segment loss are:</i>		
Revenue from external customers	81,635	43,177
Inter-segment revenue	81,845	60,868
Depreciation and amortization	(13,851)	(15,508)
Reversal on impairment loss on receivables	1,677	1,407
Finance costs	(797)	(449)
Finance income	64	2
Unrealised foreign exchange loss	(16,135)	(139)
Reconciliation of reportable segment revenues, profit or loss, assets, and other material items		
Profit or loss		
Total profit/(loss) for reportable segments	19,392	(8)
Other non-reportable segments	(5,524)	(1,770)
Elimination of inter-segment loss	-	(4,532)
Consolidated profit/(loss) before tax	13,868	(6,310)

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2023****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 2023				
Total reportable segments	81,635	(13,851)	(797)	64
Other non-reportable segments	-	(33)	(2,382)	108
Consolidated total	<u>81,635</u>	<u>(13,884)</u>	<u>(3,179)</u>	<u>172</u>

	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000
Corresponding Quarter Ended 30 June 2022				
Total reportable segments	43,177	(15,508)	(449)	2
Other non-reportable segments	-	(33)	(1,476)	92
Consolidated total	<u>43,177</u>	<u>(15,541)</u>	<u>(1,925)</u>	<u>94</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-23 RM'000	Corresponding Period-to-date Ended 30-Jun-22 RM'000
Segment profit/(loss)	10,317	(11,017)
<i>Included in the measure of segment loss are:</i>		
Revenue from external customers	111,268	71,992
Inter-segment revenue	120,302	100,107
Depreciation and amortization	(26,767)	(30,320)
Reversal of impairment loss on receivables	1,677	1,407
Finance costs	(1,590)	(862)
Finance income	122	7
Unrealised foreign exchange (loss)/gain	(16,031)	1,653
Segment assets	553,919	594,964
Reconciliation of reportable segment revenues, profit or loss, assets and other material items		
Profit or loss		
Total profit/(loss) for reportable segments	10,317	(11,017)
Other non-reportable segments	(6,165)	(3,633)
Elimination of inter-segment profit/(loss)	10	(5,421)
Consolidated profit/(loss) before tax	4,162	(20,071)

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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 2023	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000
Total reportable segments	111,268	(26,767)	(1,590)	122	553,919
Other non-reportable segments	-	(66)	(2,886)	221	345,218
Elimination of inter- segment transactions or balances	-	-	-	-	(31,444)
Consolidated total	111,268	(26,833)	(4,476)	343	867,693

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	(30,320)	(862)	7	594,964
Other non-reportable segments	-	(58)	(2,820)	230	413,342
Elimination of inter- segment transactions or balances	-	-	-	-	(173,196)
Consolidated total	71,992	(30,378)	(3,682)	237	835,110

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**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-23 RM'000	Corresponding Quarter Ended 30-Jun-22 RM'000
Major service line		
Catering services	10,914	1,856
Timing of recognition		
At a point in time	10,914	1,856

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 2023, after those carried out for the year ended 31 December 2022. As at 30 June 2023, all major property, plant and equipment were stated at cost less accumulated depreciation and accumulated impairment losses.

The Group reviews its vessels for impairment in accordance with MFRS 136, *Impairment of Assets*. The recoverable amounts of the vessels are determined based on the higher of fair value less costs of disposal (“FVLCOD”) and value in use (“VIU”). The Group considers each vessel with vessel parts and drydocking as a cash generating unit (“CGU”). In instances where the impairment loss of vessels is determined based on their FVLCOD, valuations are performed by an independent valuer using the market approach to determine the FVLCOD.

There is neither additional provision for impairment loss for PPE nor a reversal of the provision in the current quarter and period or in the corresponding quarter and period of 2022. The Group’s accumulated impairment loss for PPE remains at USD50.3 million as at 30 June 2023 and 31 December 2022 (equivalent to RM235 million and RM222 million respectively, where the difference is attributable to the difference in the exchange rates 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 2023 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 2023.

14. Contingent Liabilities

a) The following are the contingent liabilities of the Group as at 30 June 2023:

	As at 30-Jun-23	
	Group RM'000	Company RM'000
<u>Contingent liabilities not considered remote</u>		
Corporate guarantees favouring banks for facilities granted to:		
- ultimate holding company	343,347	343,347
- subsidiaries	-	36,745
	<u>343,347</u>	<u>380,092</u>

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

14. Contingent Liabilities (Cont'd)

- b) In 2022 there were two (2) incidents of anchor loss involving two (2) offshore support vessels (“OSV”) chartered out by one of the Group’s subsidiaries to two (2) engineering, procurement, construction and commissioning (“EPCC”) contractors. The EPCC contractors had informed the Group’s subsidiary to retrieve the lost anchors upon receiving the instruction from their client who is also a local oil major, and the mutual insurance association providing indemnity cover for the two (2) OSV concerned has been notified.

The Protection and Indemnity Mutual Association (“P&I Club”) made an initial offer to indemnify the Group up to USD2,000,000 for the cost of recovery of both lost anchors with a penalty claim premium of USD200,250. Based on the latest finding in one of the anchor loss claims, the subsidiary on 19 April 2023 entered into a settlement agreement resulting in an insurance compensation payment of USD333,333.33 by the P&I Club to one of the EPCC Contractors.

As for the remaining claim, Management is currently finalising the recovery plan and cost to be incurred and should the final recovery cost to be paid by the insurer be more than USD1.67 million, the P&I Club advised that they may have to review the premiums at the next renewal, the quantum of which currently cannot be ascertained.

For avoidance of doubt, based on the information made available as at this date and substantiation by the management, the Directors are of the view that no material losses will arise from the possible additional claims at the date of these financial statements.

- c) Additionally, there is contingent liability arising from the recently concluded material litigation case involving the Company as detailed in Note 24. In the event the Plaintiffs seek further indemnification as detailed in the said Note 24, the Company is entitled to resist such a claim, if excessive and arbitrary in nature. By the same token, the Court is entitled to review the indemnity claim and reduce the same if it deems fit. As such, the Company may be liable to an additional indemnity claim, the quantum of which is not presently determinable.

15. Capital Commitments

The Group’s capital commitments as at 30 June 2023 are as follows:

	30-Jun-23	30-Jun-22
	RM’000	RM’000
Approved but not contracted for	32,320	14,287
Approved and contracted for	1,728	14,413
	34,048	28,700

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

	Current Quarter Ended 30-Jun-23 RM'000	Corresponding Quarter Ended 30-Jun-22 RM'000
Company		
i. Subsidiaries:		
- management fees income	648	423
ii. Related party:		
- interest expense	1,009	1,432
- rental expense	-	5
Group		
i. Related party:		
- vessel charter income	25,418	25,647
- interest expense	1,009	1,432
- rental expense	-	28

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-23 RM'000	Corresponding Quarter Ended 30-Jun-22 RM'000
Short-term employee benefits	486	390

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2023****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	Corresponding	Variance	
	Quarter Ended	Quarter Ended	RM'000	%
	30-Jun-23	30-Jun-22		
	RM'000	RM'000		
Revenue	81,635	43,177	38,458	89
Gross Profit	37,652	1,653	35,999	2,178
Profit/(Loss) Before Interest and Taxation	16,875	(4,479)	21,354	(477)
Profit/(Loss) Before Taxation	13,868	(6,310)	20,178	(320)
Profit/(Loss) After Taxation	8,646	(6,538)	15,184	(232)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Company	8,646	(6,538)	15,184	(232)

For the current quarter ended 30 June 2023, the Group has recorded a higher revenue of RM81.6 million and a higher profit before tax of RM13.9 million, as compared to a revenue of RM43.2 million and a loss before tax of RM6.3 million in the second quarter of 2022.

The higher revenue achieved in the second quarter of 2023 were attributable to higher vessel utilization at 69% as compared to 60% in the corresponding quarter last year, and improved daily charter rates (“DCR”) due to higher demand arising from an uptrend in offshore production operation activities. In addition, better revenue generated from ancillary vessel chartering services also help to boost the current quarter’s revenue in comparison to the same period last year.

The profit before tax of RM13.9 million for the current quarter, as compared to a loss of RM6.3 million last year, was achieved from higher utilization rates for accommodation work barges with better margin, and after taking into consideration lower depreciation charges (RM13.9 million vs RM15.5 million) as well as a reversal of impairment loss on receivables of RM1.7 million. The profit before tax for the current quarter would have been higher if not for a net realised/unrealised foreign exchange loss of RM18.7 million, as compared to a net realised/unrealised foreign exchange loss of only RM4.7 million and a reversal of impairment loss on receivables of RM1.4 million for the same quarter in 2022.

The profit after tax of RM8.6 million in the current quarter was arrived after taking account tax expenses amounting to RM5.2 million (see Note 21).

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	Current	Corresponding	Variance	
	Period-to-date	Period-to-date	RM'000	%
	Ended	Ended		
	30-Jun-23	30-Jun-22		
	RM'000	RM'000		
Revenue	111,268	71,992	39,276	55
Gross Profit/(Loss)	31,789	(8,731)	40,520	(464)
Profit/(Loss) Before Interest and Taxation	8,295	(16,396)	24,691	(151)
Profit/(Loss) Before Taxation	4,162	(20,071)	24,233	(121)
Profit/(Loss) After Taxation	389	(20,541)	20,929	(102)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Company	389	(20,541)	20,929	(102)

For the half year ended 30 June 2023, the Group recorded a higher revenue of RM111.3 million and a profit before tax of RM4.2 million, as compared to a revenue of RM72.0 million and a loss before tax of RM20.1 million for the corresponding period ended 30 June 2022.

The higher revenue for the half year ended 30 June 2023 was mainly the results of much improved daily charter rates, higher vessel utilisation rates of 50% as compared to 47%, and better revenue generated from ancillary vessel chartering services, than in the corresponding period ended 30 June 2022.

The Group posted a marginal profit before tax of RM0.4 million for the financial period ended 30 June 2023 as compared to a loss before tax of RM20.5 million achieved for the same period last year. The marginal profit was achieved on the back of better margins from both vessel chartering and chargeable ancillary services as well a reversal of impairment loss on receivables of RM1.7 million. The group would have registered a complete turnaround in its operations if not for the net realised/unrealised foreign exchange loss of RM18.6 million, affecting certain subsidiaries of the Group, one of which chartered vessels from the Labuan-based subsidiaries for re-chartering to third parties. The financial statements of the Labuan-based subsidiaries were presented in USD, while the financial statements of the subsidiary that chartered vessels from them were presented in RM, giving rise to the said foreign exchange loss that has been included in the other expenses of the current quarter and period. The net realised/unrealised foreign exchange loss and reversal for impairment loss on receivables of the corresponding period of last year stood at RM3.8 million and RM1.4 million, respectively.

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The profit after tax in the current period has taken into account tax expenses amounting to approximately RM3.7 million (see Note 21).

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

	Current Quarter Ended 30-Jun-23 RM'000	Corresponding Quarter Ended 31-Mar-23 RM'000	Variance	
			RM'000	%
Revenue	81,635	29,633	52,002	175
Gross Profit/(Loss)	37,652	(5,863)	43,515	(742)
Profit/(Loss) Before Interest and Taxation	16,875	(8,580)	25,455	297)
Profit/(Loss) Before Taxation	13,868	(9,706)	23,574	(243)
Profit/(Loss) After Taxation	8,646	(8,257)	16,903	(205)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Company	8,646	(8,257)	16,903	(205)

The Group recorded a higher revenue of RM81.6 million and a profit before tax of RM13.9 million in the current quarter, as compared to a revenue of RM29.6 million and a loss before tax of RM9.7 million in the preceding quarter of 2023.

The significant increase in revenue in the current quarter is mainly due to higher vessel utilisation at 69% for the second quarter as compared to 31% in the first quarter of 2023, due to resumption of production activities after the monsoon season that runs until the end of February each year.

The profit before tax posted in the current quarter has taken into account a net realised/unrealised foreign exchange loss of RM18.7 million and a reversal of impairment loss on receivables of RM1.7 million as compared to a net realised/unrealised foreign exchange loss of RM0.02 million registered in the first quarter.

The loss after taxation in the current quarter has taken into account tax expenses amounting to RM5.2 million (see Note 21).

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19. Prospects

The US Energy Information Administration (“EIA”) Outlook in July 2023 forecasts higher oil prices in second half of 2023, and well into 2024, on the back of moderate, but persistent inventory drawdowns. The EIA also expects production cuts from OPEC, and forecasts higher petroleum consumption to lead to an average inventory drawdown of 0.4 million barrel per day from July 2023, through to the end of 2024. EIA forecasts the Brent crude oil price rising to the mid-US\$80/bbl range by the end of 2024, up from the June 2023 average of US\$75/bbl.

For Malaysia, despite the challenging macro-economic environment coupled with the complexity of energy transition, PETRONAS released in December 2022 the “Petronas Activity Outlook 2023-2025”, which projected a steady outlook for the Malaysian offshore activities which will likely see an increase in drilling and development project activities, thus auguring well for the offshore support vessels (“OSV”) markets.

Even though the OSV markets saw higher utilisation and charter rates for the offshore chartering segment of the Oil and Gas Industry in first half of 2023, we are still cautiously optimistic due to the current geopolitical dynamics, USD/MYR exchange rates, as well as rising inflation and interest rates. Moving forward, we will leverage our strengths and improved efficiency to remain sustainable and relevant in the long term.

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20. Loss for the Quarter / Period

	Current Quarter Ended 30-Jun-23 RM'000	Corresponding Quarter Ended 30-Jun-22 RM'000	Current Period-to-date Ended 30-Jun-23 RM'000	Corresponding Period-to-date Ended 30-Jun-22 RM'000
Profit/(Loss) for the quarter / period is arrived at after charging / (crediting):				
Depreciation of property, plant and equipment	13,884	15,541	26,833	30,378
Reversal impairment loss on receivables	(1,677)	(1,407)	(1,677)	(1,407)
Interest expense	3,179	1,925	4,476	3,912
Interest income	(172)	(94)	(343)	(237)
Loss on foreign exchange:				
- realised	80	34	248	100
- unrealised	18,599	4,672	18,448	3,766

Save for the above, there were no write-offs 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 2023.

21. Taxation

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

	Current Quarter Ended 30-Jun-23 RM'000	Corresponding Quarter Ended 30-Jun-22 RM'000	Current Year Ended 30-Jun-23 RM'000	Corresponding Year Ended 30-Jun-22 RM'000
Current tax expense:				
Malaysian - current year	5,845	228	5,860	470
Deferred tax income:				
- Origination and reversal of temporary difference	(623)	-	(2,087)	-
Total Tax (Income)/Expense	5,222	228	(3,773)	470

For the current quarter ended 30 June 2023, the Group has recorded net tax expenses of RM5.2 million mainly due to provision of taxation of RM5.8 million arising from the unrealised foreign exchange loss RM18.6 million that was added back to the tax computation, offset by tax losses brought forward.

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22. Corporate Proposals

There were no corporate proposals announced but not completed as at 16 August 2023, 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 2023 were as follows:

	As at Current Period Ended 30-Jun-2023					
	Non-current		Current		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
- Term loans	4,689	21,954	3,159	14,791	7,848	36,745
- Finance lease	-	161	-	62	-	223
Total	4,689	22,115	3,159	14,853	7,848	36,968

Exchange rate (USD: MYR) at USD1: MYR4.682 (Source of reference: Bank Negara Malaysia website)

Total Group's borrowings as at 31 December 2022 were as follows:

	As at Current Period Ended 31-Dec-2022					
	Non-current		Current		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
- Term loans	5,866	25,899	3,964	17,501	9,830	43,400
- Islamic facility	-	6,551	-	2,357	-	8,908
- Finance lease	-	192	-	61	-	253
Total	5,866	32,642	3,964	19,919	9,830	52,561

Exchange rate (USD: MYR) at USD1: MYR4.415 (Source of reference: Bank Negara Malaysia website)

As at 30 June 2023, the total outstanding borrowings were RM37.0 million as compared to RM52.6 million as at 31 December 2022. The reduction in borrowings is mainly due to the full and final settlement of an Islamic financing facility.

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.

Reference is made to the claim made by the former Directors of PPB, namely Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra, Datin Che Nariza Hajjar Hashim, Wong Fook Heng and Tiong Young Kong (the "Plaintiffs") on 7 August 2018 for the indemnification of legal fees they incurred in defending the prior suits 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 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.

On 27 June 2019, the Company filed a notice of appeal to the Court of Appeal against the decision made by the High Court. On 16 August 2021, the Court of Appeal allowed the Company's appeal for the High Court decision dated 29 May 2019 to be set aside and costs of RM30,000 were 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.

The Plaintiffs then applied for leave to appeal to the Federal Court on 15 September 2021 and the Federal Court decision which was received by the Company on 3 March 2023 was made in favour of the Plaintiffs to set aside the decision of the Court of Appeal and upheld the decision of the High Court. The Company has been ordered to pay costs of RM100,000.00 to the Plaintiffs.

It should be noted that the Appellants may seek further indemnification of legal fees that they have incurred for the Court of Appeal and Federal Court proceedings, the quantum of which cannot be ascertained at the moment.

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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 2022.

26. Profit/(Loss) Per Share**a) Basic**

	Current Quarter Ended 30-Jun-23	Corresponding Quarter Ended 30-Jun-22	Current Period-to-date Ended 30-Jun-23	Corresponding Period-to-date Ended 30-Jun-22
Net profit/(loss) attributable to shareholders (RM'000)	8,646	(6,538)	389	(20,541)
Number of ordinary shares at the beginning of the quarter/period	2,217,418,991	2,216,623,941	2,217,418,991	2,216,623,941
Effect of conversion of RCPS to ordinary shares	285,882	102,339	285,882	102,339
Weighted average number of ordinary shares in issue	2,217,704,873	2,216,726,280	2,217,704,873	2,216,726,280
Basic profit/(loss) per ordinary share (Sen)	0.39	(0.29)	0.02	(0.93)

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 2023, only 23,876,957 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: 22 August 2023