



PERDANA PETROLEUM BERHAD

Company No. 372113-A
(Incorporated in Malaysia)

Interim Report for the Quarter Ended 30 June 2024

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	-----Unaudited-----			
	Current Quarter Ended 30-Jun-24 RM'000	Corresponding Quarter Ended 30-Jun-23 RM'000	Current Period Ended 30-Jun-24 RM'000	Corresponding Period Ended 30-Jun-23 RM'000
Revenue	124,594	81,635	223,813	111,268
Cost of services	(75,318)	(43,983)	(149,053)	(79,479)
Gross profit	49,276	37,652	74,760	31,789
Other income	312	1,109	420	1,263
Administrative expenses	(3,074)	(3,178)	(6,413)	(5,705)
Other expenses	688	(18,708)	(10,555)	(19,052)
Results from operating activities	47,202	16,875	58,212	8,295
Finance income	7	172	36	343
Finance costs	(1,695)	(3,179)	(3,466)	(4,476)
Net finance costs	(1,688)	(3,007)	(3,430)	(4,133)
Profit before tax	45,514	13,868	54,782	4,162
Taxation	(10,811)	(5,222)	(14,008)	(3,773)
Profit for the period	34,703	8,646	40,774	389
<i>Other comprehensive (expenses)/income:</i>				
<i>Foreign currency translation</i>	(2,083)	56,364	27,177	54,380
Total comprehensive income for the period attributable to Owners of the Company	32,620	65,010	67,951	54,769
Profit for the period attributable to:				
Owners of the Company	34,703	8,646	40,774	389
Total comprehensive income for the period attributable to:				
Owners of the Company	32,620	65,010	67,951	54,769
Earnings per share (Sen)				
a) Basic	1.56	0.39	1.84	0.02
b) Diluted	1.55	0.39	1.82	0.02

(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 2023)

PERDANA PETROLEUM BERHAD
(Company No. 372113 - A)
(Incorporated in Malaysia)



**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2024**

STATEMENT OF FINANCIAL POSITION

	(Unaudited)	(Audited)
	30-Jun-24	31-Dec-23
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	696,848	696,478
Right-of-use assets	539	295
Deferred tax assets	8,378	6,246
	<u>705,765</u>	<u>703,019</u>
CURRENT ASSETS		
Inventories	1,335	4,273
Trade and other receivables	218,197	124,884
Deposits and prepayments	4,759	4,996
Current tax assets	2,359	3,711
Cash and cash equivalents	32,172	66,644
	<u>258,822</u>	<u>204,508</u>
TOTAL ASSETS	<u>964,587</u>	<u>907,527</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	885,198	885,198
Reserves	(150,763)	(218,714)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>734,435</u>	<u>666,484</u>
NON-CURRENT LIABILITIES		
Loans and borrowings	12,019	16,703
Lease liabilities	318	138
Trade and other payables	84,456	95,056
Deferred tax liabilities	5,630	5,554
	<u>102,423</u>	<u>117,451</u>
CURRENT LIABILITIES		
Loans and borrowings	10,283	10,444
Lease liabilities	226	163
Trade and other payables	104,304	106,859
Current tax liabilities	12,916	6,126
	<u>127,729</u>	<u>123,592</u>
TOTAL LIABILITIES	<u>230,152</u>	<u>241,043</u>
TOTAL EQUITY AND LIABILITIES	<u>964,587</u>	<u>907,527</u>
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)		
	0.33	0.30

(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 2023)

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2024**

STATEMENT OF CASH FLOWS

	(Unaudited) Period Ended 30-Jun-24 RM'000	(Audited) Year Ended 31-Dec-23 RM'000
Cash flows from operating activities		
Profit before tax	54,782	65,829
<i>Adjustments for:</i>		
Reversal of impairment loss on property, plant and equipment	-	(7,991)
Reversal of impairment loss on financial assets	-	(1,239)
Depreciation of property, plant and equipment	32,658	50,776
Property, plant and equipment written off	1	-
Depreciation of right of use assets	208	417
Finance income	(36)	(256)
Finance costs	3,466	8,430
Unrealised loss on foreign exchange	9,541	12,415
Operating profit before changes in working capital	100,620	128,381
<i>Changes in working capital:</i>		
Inventories	2,938	(1,450)
Trade and other receivables, deposits and prepayments	(93,046)	(72,695)
Trade and other payables	(14,985)	28,047
Cash (used in)/generated from operations	(4,473)	82,283
Income tax received	-	2,435
Income tax paid	(7,932)	(12,402)
Net cash (used in)/from operating activities	(12,405)	72,316
Cash flows for investing activities		
Interest received	36	256
Refundable deposits refunded	-	12,000
Purchase of property, plant and equipment	(15,086)	(17,226)
Net cash used in investing activities	(15,050)	(4,970)
Cash flows from financing activities		
Repayment of term loan - Islamic	-	(9,821)
Repayment of term loan - Commodity Murabahah Financing I	(710)	(8,221)
Repayment of secured term loans	(5,127)	(9,883)
Repayment of hire purchase liability	(31)	(61)
Repayment to a related company	(6,810)	(19,976)
Interest paid	(3,370)	(7,972)
Interest paid on lease liabilities	(6)	(13)
Repayment of lease liabilities	(175)	(417)
Net cash used in financing activities	(16,229)	(56,364)
Net (decrease)/increase in cash and cash equivalents	(43,684)	10,982
Effect of exchange rate movements	9,212	10,234
Cash and cash equivalents at the beginning of the financial year	66,644	45,428
Cash and cash equivalents at the end of the financial period/year	32,172	66,644
Cash and cash equivalents		
Short-term repo placement	3,000	28,000
Cash on hand and at banks	29,172	38,644
	32,172	66,644

(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 2023)

PERDANA PETROLEUM BERHAD
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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company						Total Equity
	----- Non-distributable -----					Sub Total	
	Ordinary Share Capital	Redeemable Preference Shares	Other Capital Reserve	Translation Reserve	Accumulated Losses		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Financial period ended 30 June 2024 (Unaudited)							
As at 1 January 2024	878,139	7,059	1,635	177,227	(397,576)	666,484	666,484
Total transactions with owners of the Company	1,417	(1,417)	-	-	-	-	-
Total comprehensive income for the period	-	-	-	27,177	40,774	67,951	67,951
Balance as at 30 June 2024	879,556	5,642	1,635	204,404	(356,802)	734,435	734,435
Financial year ended 31 December 2023 (Audited)							
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	935	(935)	-	-	-	-	-
Total comprehensive income for the year	-	-	-	36,644	44,511	81,155	81,155
Balance as at 31 December 2023	878,139	7,059	1,635	177,227	(397,576)	666,484	666,484

(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 2023)

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2024**

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 2023. 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 2023.

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 2023, except for the adoption of the following Amendments from 1 January 2024:

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
Amendments to MFRS 107, <i>Statement of Cash Flows MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements</i>	1 January 2024

The adoption of the above Amendments does not have any material financial impact on the current-period and prior-period financial statements of the Group and the Company.

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121, <i>The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability</i>	1 January 2025
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MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

Amendments to MFRS 10, <i>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</i>	To be determined
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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

2. Changes in Accounting Policies (con't)

2.2 Accounting Standards, Amendments and Interpretations issued but not yet effective (con't)

The Group and the Company plan to apply from the annual period beginning on 1 January 2025, the Amendments that are effective for annual periods beginning on or after 1 January 2025.

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 2023.

4. Seasonal or Cyclical Factors

The utilisation rate of the Group's vessels is usually 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 and gain on foreign currency translation of the results and financial position of the Labuan subsidiaries.

During the current quarter financial year, other expenses comprise net realised/unrealised foreign exchange loss of RM9.9 million, whereas other comprehensive income includes foreign currency translation gain of RM27.2 million.

6. Material Changes in Estimates

In 2022, an oil-major client agreed to revise the Vessel Age Limit of Anchor Handling Tug Supply (AHTS) vessels 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").

Following the revision, PPB has revised the useful lives of AHTS to 20 years, and this has resulted in a reduction in the depreciation charges for the vessels.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

6. Material Changes in Estimates (con't)

With the above revision and when the conditions call for it (such as improving prospects of the oil market), the Group would periodically re-assess the value-in-use, and where appropriate the fair value less cost to sell, of the AHTS and other vessels. Following such a re-assessment in the last quarter of 2023, a net reversal of provision for impairment loss on property, plant and equipment of RM8.0 million was made for the quarter and year ended 31 December 2023. 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 4,360,965 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 1,446,192,275 as at 30 June 2024 and the number of RCPS yet to be converted as at that date is 17,436,924.

8. Dividends Paid

No dividend has been declared or paid for the financial year ended 31 December 2023 and the period ended 30 June 2024.

9. Segmental Information

9.1 Segment Results for the Current Quarter versus Corresponding Quarter

	Marine Offshore Support Services	
	Current Quarter Ended 30-Jun-24 RM'000	Corresponding Quarter Ended 30-Jun-23 RM'000
Segment profit	46,940	19,392
<i>Included in the measure of segment profit/(loss) are:</i>		
Revenue from external customers	124,595	81,635
Inter-segment revenue	111,699	81,845
Depreciation and amortization	(16,104)	(13,851)

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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)

	Marine Offshore Support Services	
	Current Quarter Ended 30-Jun-24 RM'000	Corresponding Quarter Ended 30-Jun-23 RM'000
Reversal on impairment loss on receivables	-	1,677
Finance costs	(521)	(797)
Finance income	6	64
Unrealised foreign exchange gain/(loss)	818	(16,135)

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

Profit or loss

Total profit for reportable segments	46,940	19,392
Other non-reportable segments	(1,405)	(5,524)
Elimination of inter-segments	(21)	-
Consolidated profit before tax	45,514	13,868

	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000
Current Quarter Ended 30 June 2024				
Total reportable segments	124,595	(16,104)	(521)	6
Other non-reportable Segments	-	(124)	(1,233)	60
Elimination of inter-segment transactions or balances	-	-	59	(59)
Consolidated total	124,595	(16,228)	(1,695)	7

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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)

	External revenue	Depreciation and amortisation	Finance costs	Finance income
Corresponding Quarter Ended 30 June 2023	RM'000	RM'000	RM'000	RM'000
Total reportable segments	81,635	(13,851)	(797)	64
Other non-reportable Segments	-	(33)	(2,382)	108
Consolidated total	81,635	(13,884)	(3,179)	172

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

	Marine Offshore Support Services	
	Current Period Ended 30-Jun-24 RM'000	Corresponding Period Ended 30-Jun-23 RM'000
Segment profit	58,960	10,317
<i>Included in the measure of segment profit/(loss) are:</i>		
Revenue from external customers	223,813	111,268
Inter-segment revenue	195,326	120,302
Depreciation and amortization	(32,614)	(26,767)
Reversal of impairment loss on receivables	-	1,677
Finance costs	(1,149)	(1,590)
Finance income	33	122
Unrealised foreign exchange loss	(8,395)	(16,031)
Segment assets	960,982	553,919
Reconciliation of reportable segment revenues, profit or loss, assets and other material items		
Profit or loss		
Total profit for reportable segments	58,960	10,317
Other non-reportable segments	(4,178)	(6,165)
Elimination of inter-segments	-	10
Consolidated profit before tax	54,782	4,162

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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)**

	External revenue	Depreciation and amortisation	Finance costs	Finance income	Segment assets
Current Period Ended 30 June 2024	RM'000	RM'000	RM'000	RM'000	RM'000
Total reportable segments	223,813	(32,614)	(1,149)	33	960,982
Other non-reportable Segments	-	(252)	(2,484)	170	689,194
Elimination of inter- segment transactions or balances	-	-	167	(167)	(685,588)
Consolidated total	223,813	(32,866)	(3,466)	36	964,588

	External revenue	Depreciation and amortisation	Finance costs	Finance income	Segment assets
Corresponding Period Ended 30 June 2023	RM'000	RM'000	RM'000	RM'000	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

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-24 RM'000	Corresponding Quarter Ended 30-Jun-23 RM'000
Major service line		
Catering services	7,913	10,914
Timing of recognition		
Over time	7,913	10,914

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 recognized over 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 period ended 30 June 2024, after those carried out for the year ended 31 December 2023 (see below for further details). As at 30 June 2024, 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 for which drydocking has been carried out 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.

The Group’s accumulated impairment loss for PPE remains at USD48.5 million as at 30 June 2024 and 31 December 2023 (equivalents to RM229 million and RM223 respectively, where the difference is attributable to the different 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 2024 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 2024.

14. Contingent Liabilities

a) The following are the contingent liabilities of the Group and the Company as at 30 June 2024:

	As at 30-June-24	
	Group	Company
	RM’000	RM’000
<u>Contingent liabilities not considered remote</u>		
Corporate guarantees favouring banks for facilities granted to:		
- ultimate holding company	-	-
- subsidiaries	-	22,142
	-	22,142

The Corporate guarantees favouring banks for facilities granted to the holding company were fully discharged during the financial year ended 31 December 2023.

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

14. Contingent Liabilities (Cont'd)

- b) (i) 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 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 imposed on the Group. Following the conclusion of the assessment of the loss and acceptance of the compensation offered, the Club paid a compensation of USD333,333.33 to the first EPCC contractor on 2 May 2023 and this claim has been closed.

As for the remaining claim, Management is reviewing the recovery plan as required by the EPCC contractor in consultation with the P&I Club. If the final cost of recovery exceeds the original estimate of USD1,670,000, the Club may review the impact of the additional cost on the premiums chargeable to the Group going forward.

- (ii) In the fourth quarter of 2023 there was an incident involving one of our offshore support vessels chartered to a client while being used by the client. The mutual insurance association providing indemnity cover has been notified and the investigation together with our client is still ongoing.

As this incident is still under investigation, the cost of the alleged damage cannot be ascertained at this juncture.

All the Group’s legal rights are reserved.

For the 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.

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2024****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134****15. Capital Commitments**

The Group's capital commitments as at 30 June 2024 are as follows:

	30-Jun-24	30-Jun-23
	RM'000	RM'000
Approved but not contracted for	15,261	32,320
Approved and contracted for	23,536	1,728
	38,797	34,048

16. Significant Related Party Transactions

a. The following are the transactions with related parties during the financial quarter:

	Current Quarter Ended 30-June-24 RM'000	Corresponding Quarter Ended 30-Jun-23 RM'000
Company		
i. Subsidiaries:		
- management fees income	732	648
ii. Related party:		
- interest expense	1,230	1,009
Group		
i. Related party:		
- vessel charter income	23,178	25,418
- interest expense	1,230	1,009

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 is as follows:

	Current Quarter Ended 30-Jun-24 RM'000	Corresponding Quarter Ended 30-Jun-23 RM'000
Short-term employee benefits	289	486

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2024****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-24	30-Jun-23		
	RM'000	RM'000	RM'000	%
Revenue	124,594	81,635	42,959	53
Gross Profit	49,276	37,652	11,624	31
Profit Before Interest and Taxation	47,202	16,875	30,327	180
Profit Before Taxation	45,514	13,868	31,646	228
Profit After Taxation	34,703	8,646	26,057	301
Profit Attributable to Ordinary Equity Holders of the Company	34,703	8,646	26,057	301

For the current quarter ended 30 June 2024, the Group has registered higher revenue of RM124.60 million and higher profit before tax of RM45.5 million, as compared to the revenue of RM81.64 million and a profit before tax of RM13.9 million in the second quarter of 2023.

The higher revenue achieved in the second quarter of 2024 was principally attributable to higher vessel utilization at 89% as compared to 69% in the corresponding quarter last year. The shortage of offshore support vessels for offshore production and operation activities continued to be the main reason for the higher demand and improved daily charter rates (“DCR”), for both own and third-party vessels.

The profit before tax of RM45.5 million for the current quarter was more than two times higher than the profit of RM13.9 million registered in the corresponding quarter. This achievement was attributable to higher utilization rates for accommodation work barges with better margins, and a marginal net realised/unrealised foreign exchange gain in the current quarter against an unrealised foreign exchange loss of RM18.7 million in the corresponding quarter. The profit before tax for the current quarter would have been higher if not for higher depreciation on capitalized drydocking expenditure and higher operating expenses on maintenance and engine supplies as well on deck supply and towing equipment maintenance.

The profit after tax of RM34.7 million in the current quarter was arrived at after taking into account tax expenses amounting to RM10.8 million as opposed to RM5.2 million incurred in the corresponding quarter (see Note 21).

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17. Review of Financial Performance (Cont'd)

Current Period-to-date versus Preceding Period-to-date (Cont'd)

	Current	Corresponding	Variance	
	Period Ended	Period Ended	RM'000	%
	30-Jun-24	30-Jun-23		
	RM'000	RM'000		
Revenue	223,813	111,268	112,545	101
Gross Profit	74,760	31,789	42,971	135
Profit Before Interest and Taxation	58,212	8,295	49,917	602
Profit Before Taxation	54,782	4,162	50,620	1,216
Profit After Taxation	40,774	389	40,385	10,382
Profit Attributable to Ordinary Equity Holders of the Company	40,774	389	40,385	10,382

For the half year ended 30 June 2004, the Group has doubled its revenue to RM223.8 million and registered a higher profit before tax of RM54.8 million, as compared to a revenue of RM111.3 million and a profit before tax of RM4.2 million for the corresponding period ended 30 June 2023.

The higher revenue was mainly the result of much improved daily charter rates, higher own vessel utilisation rates of 75% as compared to 50% in the corresponding period, and higher revenue generated from third-party vessel chartering.

The Group posted a profit before tax of RM54.8 million for the financial period ended 30 June 2024 as compared to a profit before tax of RM4.2 million achieved for the same period last year. The much higher profit was achieved on the back of an increased margin from own vessel chartering as well as higher contribution from higher third-party vessel chartering activities. The group was also registering a lower net realised/unrealised foreign exchange loss of RM9.9 million as compared to RM18.7 million incurred for the same period last year. The difference in financial statement currency presentation affecting certain subsidiaries (RM) and Labuan-based subsidiaries (USD) regarding vessels re-chartering arrangement, that give rise to foreign exchange gain/loss has been included in the other expenses of the current period.

The profit after tax in the current period has taken into account tax expenses amounting to approximately RM14.1 million as compared to RM3.7 million last year mainly on account of higher profit (see Note 21).

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	Current Quarter Ended 30-Jun-24 RM'000	Corresponding Quarter Ended 31-Mar-24 RM'000	Variance	
			RM'000	%
Revenue	124,594	99,219	25,375	26
Gross Profit	49,276	25,484	23,792	93
Profit Before Interest and Taxation	47,202	11,010	36,192	329
Profit Before Taxation	45,514	9,268	36,246	391
Profit After Taxation	34,703	6,071	28,632	472
Profit Attributable to Ordinary Equity Holders of the Company	34,703	6,071	28,632	472

The Group recorded a higher revenue of RM124.6 million and a profit before tax of RM45.5 million in the current quarter, compared to a revenue of RM99.2 million and a profit before tax of RM9.3 million in the preceding quarter of 2024.

The increase in revenue in the current quarter is mainly due to higher vessel utilisation at 89% compared to 62% in the first quarter of 2024 due to a shortage of vessels and the increase in offshore production and operation activities particularly in drilling and development projects by oil majors. In addition, better revenue generated from ancillary vessel chartering services also helped to boost the revenue for the second quarter.

The profit before tax of the current quarter was higher than the previous quarter by RM36.2 million or 391% mainly on account of a better margin from the higher revenue mentioned above coupled with a marginal gain in foreign exchange as opposed to RM10.8 million of net realised/unrealised foreign exchange loss in the preceding quarter. Returns from third-party vessel chartering activities are lower in the second quarter due to the non-extension of a couple of contracts.

The tax expenses were higher at RM10.8 million in comparison to the previous quarter of RM3.2 million due mainly to the higher profit generated (see Note 21).

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19. Prospects

The outlook of the oil and gas industry remains strong despite the ongoing geo-political challenges. The U.S. Energy Information Administration (EIA) raised its Brent oil price forecasts for 2024 and 2025 in their July 2024 energy outlook, forecasting that the Brent crude spot price will average \$86.4 per barrel this year and \$88.4 per barrel next year. The Brent crude oil spot price has since reached \$88 per barrel as of 3 July 2024, as market participants have reassessed the announcement based on the current global inventory levels and the indication by OPEC+ that production cuts remain subject to market conditions.

As for Malaysian Oil & Gas outlook, there was a report by RHB Investment Bank in July 2024 on PETRONAS's potential cutback of its capex due to the reduction of a portion of revenue following the appointment of Petroleum Sarawak Bhd (Petros) as the sole gas aggregator in Sarawak. However, the impact on the OSV segment remains uncertain, pending an official guidance on the scale of the cutback, if any.

According to the highlights by Clarksons Offshore in July 2024, the demand for offshore support vessels (OSV) remains firm. Even in the Middle East, where the announcement of a scale back in investment by Saudi Aramco in April 2024 had caused concern during first half of 2024, there have been encouraging signs of other operators picking up replacement fixtures elsewhere, and Aramco itself recently even extended the rental of a rig for 10 years. Though some impacts have filtered through, the momentum of the overall charter rates is seen holding.

Even though there was visibility of the OSV market growth from the tight supply of OSVs in 2024, we remain cautiously optimistic given the uncertainty in the outlook due to the current geopolitical dynamics, especially the Middle East tensions, the uncertainty of USD/MYR exchange rate as well as rising inflation. Moving forward, we will continue to manage our operations prudently to adapt to the rapidly evolving environment and leverage our strength and improved efficiency to remain sustainable and relevant in the long term.

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20. Profit/loss for the Quarter / Period

	Current Quarter Ended 30-Jun-24 RM'000	Corresponding Quarter Ended 30-Jun-23 RM'000	Current Period Ended 30-Jun-24 RM'000	Corresponding Period Ended 30-Jun-23 RM'000
Profit for the quarter / period is arrived at after charging / (crediting):				
Depreciation of property, plant and equipment	16,228	13,884	32,866	26,833
Reversal impairment loss on receivables	-	(1,677)	-	(1,677)
Interest expense	1,695	3,179	3,466	4,476
Interest income	(7)	(172)	(36)	(343)
(Gain) / Loss on foreign exchange:				
- realised	17	80	348	248
- unrealised	(898)	18,599	9,542	18,448

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 the financial period ended 30 June 2024.

21. Taxation

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

	Current Quarter Ended 30-Jun-24 RM'000	Corresponding Quarter Ended 30-Jun-23 RM'000	Current Period Ended 30-Jun-24 RM'000	Corresponding Period Ended 30-Jun-23 RM'000
Current tax expense:				
Malaysian - current year	10,465	5,845	16,064	5,860
Deferred tax income:				
- Origination and reversal of temporary difference	346	(623)	(2,056)	(2,087)
Total Tax Expense	10,811	5,222	14,008	3,773

For the current quarter ended 30 June 2024, the Group has recorded net income tax expense of RM10.8 million approximating the statutory tax rate of 24%.

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The tax charge for the first half year of 2024 is about 1.6% higher than the statutory tax rate due principally to the incurrence of non-deductible expenses such as unrealised foreign exchange losses and recharter fees. The tax charge would have been higher if not because of the lower tax rate imposed on the chargeable profits of the Labuan subsidiaries of the Group.

22. Corporate Proposals

There were no corporate proposals announced but not completed as at 12 August 2024, 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 2024 were as follows:

	As at Current Period Ended 30-June-2024					
	Non-current		Current		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
- Term loans	2,525	11,923	2,164	10,219	4,689	22,142
- Finance lease	-	96	-	64	-	160
Total	2,525	12,019	2,164	10,283	4,689	22,302

Exchange rate (USD: MYR) at USD1: MYR4.722 (Source of reference: Bank Negara Malaysia website).

Total Group's borrowings as at 31 December 2023 were as follows:

	As at Current Period Ended 31-Dec-2023					
	Non-current		Current		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
- Term loans	3,607	16,574	2,259	10,381	5,866	26,955
- Finance lease	-	129	-	63	-	192
Total	3,607	16,703	2,259	10,444	5,866	27,147

Exchange rate (USD: MYR) at USD1: MYR4.595 (Source of reference: Bank Negara Malaysia website).

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As at 30 June 2024, the total outstanding borrowings were RM22.3 million as compared to RM27.1 million as at 31 December 2023.

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

24. Proposed Dividends

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

No dividend was declared or paid for the financial year ended 31 December 2023.

25. Earnings Per Share**a) Basic**

	Current Quarter Ended 30-Jun-24	Corresponding Quarter Ended 30-Jun-23	Current Period Ended 30-Jun-24	Corresponding Period Ended 30-Jun-23
Net profit attributable to shareholders (RM'000)	34,703	8,646	40,774	389
Number of ordinary shares at the beginning of the quarter/period	2,220,302,259	2,217,418,991	2,220,302,259	2,217,418,991
Effect of conversion of RCPS to ordinary shares	532,082	285,882	532,082	285,882
Weighted average number of ordinary shares in issue	2,220,834,341	2,217,704,873	2,220,83,341	2,217,704,873
Basic earnings per ordinary share (Sen)	1.56	0.39	1.84	0.02

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	Current Quarter Ended 30-Jun-24	Corresponding Quarter Ended 30-Jun-23	Current Period Ended 30-Jun-24	Corresponding Period Ended 30-Jun-23
Net profit attributable to shareholders (RM'000)	34,703	8,646	40,774	389
Number of ordinary shares at the beginning of the quarter/period	2,220,302,259	2,217,418,991	2,220,302,259	2,217,418,991
Effect of conversion of RCPS to ordinary shares*	21,797,889	24,681,157	21,797,889	24,681,157
Weighted average number of ordinary shares in issue	2,242,100,148	2,242,100,148	2,242,100,148	2,242,100,148
Diluted earnings per ordinary share (Sen)	1.55	0.39	1.82	0.02

*Diluted EPS is computed on the assumption that all outstanding RCPS at the end of a financial year are fully converted into ordinary shares on the first day of the following financial year.

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 2024, only 17,436,924 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: 19 August 2024