PERDANA PETROLEUM BERHAD

Company No. 372113-A
(Incorporated in Malaysia)

Interim Report for the Quarter Ended 30 September 2019

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Current Quarter Ended 30-Sep-19 RM'000	Corresponding Quarter Ended 30-Sep-18 RM'000	Current Period-to-date Ended 30-Sep-19 RM'000	Corresponding Period-to-date Ended 30-Sep-18 RM'000
Revenue	87,409	61,214	175,953	125,577
Cost of services	(61,275)	(45,417)	(156,250)	(121,880)
Gross profit	26,134	15,797	19,703	3,697
Other income	11,950	15,850	17,163	14,698
Administrative expenses	(4,109)	(3,943)	(12,287)	(9,458)
Other expenses	(507)	(5,873)	(2,109)	(13,521)
Results from operating activities	33,468	21,831	22,470	(4,584)
Finance costs	(14,761)	(14,048)	(41,217)	(42,640)
Profit/(Loss) before tax	18,707	7,783	(18,747)	(47,224)
Taxation	(620)	(1,250)	(1,548)	(2,801)
Profit/(Loss) for the period	18,087	6,533	(20,295)	(50,025)
Other comprehensive income/(expenses)				
Foreign currency translation	*11,248*	*11,447*	*11,980*	*7,451*
Cash flow hedge	-	*(42)*	*(78)*	*(116)*
Total comprehensive income/(expenses) for the period attributable to Owners of the Company	*29,335*	*17,938*	*(8,393)*	*(42,690)*
Profit/(Loss) for the period attributable to:				
Owners of the Company	18,087	6,533	(20,294)	(50,024)
Non-controlling interests	-	-	(1)	*(1)*
	18,087	6,533	(20,295)	(50,025)
Total comprehensive income/(expense) for the period attributable to:				
Owners of the Company	*29,335*	*17,939*	*(8,393)*	*(42,690)*
Non-controlling interests	-	*(1)*	- *	- *
	29,335	*17,938*	*(8,393)*	*(42,690)*
Profit/(Loss) per share (Sen)				
a) Basic	2.32	0.84	(2.61)	(6.43)
b) Diluted	2.32	0.84	(2.61)	(6.43)

***** Negligible***

(The Statement of Profit or Loss and Other Comprehensive Income should be read in conjuction with the audited financial statements of the Group for the financial year ended 31 December 2018)

PERDANA PETROLEUM BERHAD

(Company No. 372113 - A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2019

STATEMENT OF FINANCIAL POSITION

	(Unaudited) 30-Sep-19 RM'000	(Audited) 31-Dec-18 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,168,774	1,208,043
Refundable deposits	12,000	46,043
Deferred tax assets	25,559	25,559
Derivative asset	-	78
	1,206,333	1,279,723
CURRENT ASSETS		
Inventories	1,512	2,408
Trade receivables - external parties	26,404	24,604
Trade receivables - related company	16,155	22,354
Other receivables, deposits and prepayments	12,382	6,532
Current tax assets	2,133	2,771
Cash and cash equivalents	51,426	36,545
	110,012	95,214
TOTAL ASSETS	1,316,345	1,374,937
EQUITY AND LIABILITIES		
EQUITY		
Share capital	411,219	411,219
Reserves	41,093	49,486
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	452,312	460,705
Non-controlling interests	136	136
TOTAL EQUITY	452,448	460,841
NON-CURRENT LIABILITIES		
Loans and borrowings	89,826	-
Deferred tax liabilities	3,437	3,437
	93,263	3,437
CURRENT LIABILITIES		
Loans and borrowings	398,462	633,252
Trade payables - external parties	34,003	34,982
Other payables - external parties	33,768	35,712
Other payables - related company	304,268	206,713
Current tax liabilities	133	-
	770,634	910,659
TOTAL LIABILITIES	863,897	914,096
TOTAL EQUITY AND LIABILITIES	1,316,345	1,374,937
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)	0.58	0.59

(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 2018)

PERDANA PETROLEUM BERHAD

(Company No. 372113 - A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

STATEMENT OF CASH FLOWS

	(Unaudited) Period Ended 30-Sep-19 RM'000	(Audited) Year Ended 31-Dec-18 RM'000
Cash flows from operating activities		
Loss before tax	(18,747)	(38,921)
Adjustments for:		
Reversal of impairment loss on property, plant and equipment	(2,818)	(6,705)
Impairment loss on receivables	-	297
Depreciation of property, plant and equipment	60,820	80,282
Interest expense	41,217	56,509
Interest income	(1,454)	(2,526)
Gain on bargain purchase	(10,561)	-
Unrealised loss on foreign exchange	761	5,828
Operating profit before changes in working capital	69,218	94,764
Changes in working capital:		
Inventories	896	(54)
Trade and other receivables	(1,169)	(25,787)
Trade and other payables	(16,374)	11,020
Cash generated from operations	52,571	79,943
Income tax paid	(777)	(3,333)
Net cash from operating activities	51,794	76,610
Cash flows for investing activities		
Interest received	586	1,418
Purchase of property, plant and equipment	(6,161)	(14,063)
(Withdrawal)/Placement of fixed deposits pledged	(2,952)	49,612
Net cash (used in)/from investing activities	(8,527)	36,967

PERDANA PETROLEUM BERHAD

(Company No. 372113 - A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

STATEMENT OF CASH FLOWS

	(Unaudited) Period Ended 30-Sep-19 RM'000	(Audited) Year Ended 31-Dec-18 RM'000
Cash flows from financing activities		
Net advances from a related company	90,000	56,000
Drawdown of Islamic facility	16,500	-
Repayment of Sukuk bonds	(90,000)	(90,000)
Repayment of term loans	(16,855)	(16,389)
Repayment of revolving credit	-	(4,000)
Repayment of finance lease liability obligations	-	(4,335)
Refundable deposit paid	(12,000)	-
Interest paid	(3,372)	(12,825)
Coupon paid	(10,881)	(23,794)
Net cash used in financing activities	(26,608)	(95,343)
Net increase in cash and cash equivalents	16,659	18,234
Effect of exchange rate movements	(4,730)	(9,081)
Cash and cash equivalents at the beginning of the financial period/year	30,462	21,309
Cash and cash equivalents at the end of the financial period/year	42,391	30,462
Cash and cash equivalents		
Deposits placed with licensed banks	47,520	33,769
Cash on hand and at banks	3,906	2,776
	51,426	36,545
Less: Deposits pledged as security	(9,035)	(6,083)
	42,391	30,462

(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 2018)

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	[-------------------------------- *Non-distributable*			----------------- *Distributable*					
	Share Capital RM'000	**Cash Flow Hedge Reserve RM'000**	**Other Capital Reserve RM'000**	**Translation Reserve RM'000**	**Retained Profits/ (Accumulated losses) RM'000**	**Sub-Total RM'000**	**Non-Controlling Interest RM'000**		**Total Equity RM'000**
Financial period ended 30 September 2019 (Unaudited)									
As at 1 January 2019	411,219	78	1,635	82,377	(34,604)	460,705	136		460,841
Total comprehensive expense for the period	-	(78)	-	11,980	(20,295)	(8,393)	-	*	(8,393)
Balance as at 30 September 2019	411,219	-	1,635	94,357	(54,899)	452,312	136		452,448
Financial year ended 31 December 2018 (Audited)									
As at 1 January 2018	411,219	233	1,635	75,090	6,306	494,483	136		494,619
Total comprehensive expense for the year	-	(155)	-	7,287	(40,910)	(33,778)	-	*	(33,778)
Balance as at 31 December 2018	411,219	78	1,635	82,377	(34,604)	460,705	136		460,841

***** *Negligible***

(The Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018)

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 2018. 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 2018.

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 2018, except for the adoption of the following Accounting Standards, Amendments and Interpretations from 1 January 2019:

MFRS / Amendments / Interpretations	**Effective Date**
MFRS 16, *Leases*	1 January 2019
IC Interpretation 23, *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)*	1 January 2019
Amendments to MFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 11, *Joint Arrangements (Annual Improvement to MFRS Standards 2015 – 2017 Cycle)*	1 January 2019
Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015 -2017 Cycle)*	1 January 2019
Amendments to MFRS 119, *Employee Benefits-Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)*	1 January 2019
Amendments to MFRS 128, *Investments in Associate and Joint Ventures - Long-term Interests in Associates and Joint Ventures*	1 January 2019

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

2. Changes in Accounting Policies (Cont'd)

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

MFRS / Amendments / Interpretations	Effective Date
Amendments to MFRS 3, *Business Combinations – Definition of Business*	1 January 2020
Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*	1 January 2020
Interest Rate Benchmark Reform (Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures*)	1 January 2020
MFRS 17, *Insurance Contracts*	1 January 2021
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 plans to apply from the annual period beginning on 1 January 2020, those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2020.

MFRS 17, *Insurance Contracts,* which is effective for the annual periods beginning on 1 January 2021, is not applicable to the Group.

The initial application of the above accounting standards, amendments or interpretations is not expected to have any material financial impacts on the financial statements of the Group for the current and prior periods.

3. Qualification of Financial Statements

There was no qualification on the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

4. Seasonal or Cyclical Factors

Due to its synergistic tie-up with Dayang, about one third of the Group's vessel fleet hired out has been chartered to Dayang and the latter's offshore topside maintenance operations are normally affected by bad weather at the beginning and the end of the year. This factor has been taken into consideration in the Group's annual business plan.

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 period to-date, except for other income/expenses and other comprehensive income/expenses arising from realised/unrealised foreign exchange gain/loss and foreign currency translation of investment in Labuan subsidiaries denominated in US Dollars, reversal of impairment loss on property, plant and equipment ("PPE"), legal expenses as well as gain on bargain purchase.

During the current quarter and financial period to-date, the other expenses comprise unrealised foreign exchange loss of RM0.4 million and RM0.8 million respectively whereas the other comprehensive income includes foreign currency translation gain of RM11.2 million and RM12.0 million respectively.

In addition, the Group also accounted for a gain on bargain purchase of RM10.6 million arising from an acquisition of a subsidiary (see Note 13), a reversal of impairment loss on PPE of USD0.7 million (equivalent to RM2.8 million) (see Note 11) as well as legal expenses of RM2.6 million (see Note 24) during the financial period to-date.

6. Material Changes in Estimates

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

7. Issuance and Repayment of Debts and Equity Securities

There have been no cancellation, repurchase, resale and repayment of debts and equity securities in the current quarter and financial period to-date.

In accordance with Section 618 of the Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company had 24 months upon the commencement of the Companies Act 2016 on 31 January 2017 to utilise the credit. Included in the share capital is share premium amounting to RM22.0 million that has not been utilised within the period for utilisation which expired on 30 January 2019.

8. Dividends Paid

No dividend has been declared or paid for the financial year ended 31 December 2018 and the period ended 30 September 2019.

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-Sep-19 RM'000	Corresponding Quarter Ended 30-Sep-18 RM'000
Segment profit/(loss)	35,803	(2,646)
Included in the measure of segment profit/(loss) are:		
Revenue from external customers	87,409	61,214
Inter-segment revenue	64,571	83,643
Depreciation and amortisation	(20,253)	(20,035)
Finance costs	(211)	(10,551)
Reversal/(Impairment) of property, plant and equipment	2,818	(5,768)

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

Profit or loss		
Total profit / (loss) for reportable segments	35,803	(2,646)
Other non-reportable segments	(16,669)	(3,861)
Elimination of inter-segment (loss) / profit	(427)	14,290
Consolidated profit before tax	18,707	7,783

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

9. Segmental Information (Cont'd)

9.1 Segment Results for the Current Quarter versus Corresponding Quarter (Cont'd)

Current Quarter Ended 30 September 2019	**External revenue RM'000**	**Depreciation and amortisation RM'000**	**Finance costs RM'000**
Total reportable segments	87,409	(20,253)	(211)
Other non-reportable segments	-	(32)	(14,550)
Elimination of inter-segment transactions or balances	-	-	-
Consolidated total	87,409	(20,285)	(14,761)

Corresponding Quarter Ended 30 September 2018	**External revenue RM'000**	**Depreciation and amortisation RM'000**	**Finance costs RM'000**
Total reportable segments	61,214	(20,035)	(10,551)
Other non-reportable segments	-	(38)	(10,656)
Elimination of inter-segment transactions or balances	-	-	7,159
Consolidated total	61,214	(20,073)	(14,048)

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-Sep-19 RM'000	Corresponding Period-to-date Ended 30-Sep-18 RM'000
Segment profit/(loss)	23,556	(44,389)
Included in the measure of segment profit/(loss) are:		
Revenue from external customers	175,953	125,577
Inter-segment revenue	209,378	224.476
Depreciation and amortisation	(60,723)	(59,484)
Finance costs	(6,055)	(31,719)
Reversal/(Impairment) of property, plant and equipment	2,818	(12,860)
Unrealised foreign exchange gain/(loss)	122	(3)
Segment assets	1,228,642	1,314,376

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

Profit or loss		
Total profit / (loss) for reportable segments	23,556	(44,389)
Other non-reportable segments	(41,420)	(12,444)
Elimination of inter-segment loss	(883)	9,609
Consolidated loss before tax	(18,747)	(47,224)

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 September 2019	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Segment assets RM'000
Total reportable segments	175,953	(60,723)	(6,055)	1,228,642
Other non-reportable segments	-	(97)	(35,162)	920,095
Elimination of inter-segment transactions or balances	-	-	-	(832,392)
Consolidated total	175,953	(60,820)	(41,217)	1,316,345

As at 30 September 2018	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Segment assets RM'000
Total reportable segments	125,577	(59,484)	(31,719)	1,314,376
Other non-reportable segments	-	(135)	(32,398)	936,608
Elimination of inter-segment transactions or balances	-	-	21,477	(903,593)
Consolidated total	125,577	(59,619)	(42,640)	1,347,391

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Revenue

10.1 Disaggregation of Revenue

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 is disaggregated by service line and timing of revenue recognition.

	Current Quarter Ended 30-Sep-19 RM'000	Corresponding Quarter Ended 30-Sep-18 RM'000
Major service line		
Vessel charter income	80,544	60,521
Others	6,865	693
	87,409	61,214
Timing of recognition		
Over time	80,544	60,521
At a point in time	6,865	693
	87,409	61,214

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
Charter of vessels	Revenue is recognised over time as and when the charter services are performed using the cost incurred method.	Credit periods of 30 to 45 days from invoice date.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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

The Group reassessed its assets (except for inventories, deferred tax assets and financial assets) as at 30 September 2019 to determine whether there is any indication of further impairment to the assets or if there is any reversal of impairment previously provided.

The Group has adopted value-in-use ("VIU") estimations for the reassessment which entail discounting the estimated future cash flows from the continuing use of PPE. The recoverable amounts were compared against the carrying amounts of the PPE.

For the current financial quarter ended 30 September 2019, there were no further allowance for impairment loss nor reversal of impairment loss on PPE. The Group's accumulated impairment loss has decreased from USD12.5 million (equivalent to RM51.7 million) as at 31 December 2018 to USD11.8 million (equivalent to RM49.4 million) as at 30 September 2019.

12. Material Events Subsequent to the Reporting Period

There were no material events subsequent to the current financial quarter ended 30 September 2019 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 September 2019 except for:

(i) Acquisition of 2,650,000 ordinary shares of USD2,706,400 in Mount Santubong Ltd ("MSL") from NFC Shipping Fund C LLC ("NFC") by Perdana Jupiter Ltd ("PJL")

On 23 May 2019, the Company announced that its wholly-owned subsidiary, PJL entered into a Share Sale Agreement ("SSA") with NFC to acquire 2,650,000 ordinary shares, representing 100% of the issued and paid up share capital of USD2,706,400 in MSL for a total cash consideration of USD1 (equivalent to RM4.18). The said acquisition was completed and MSL has effectively became a wholly owned subsidiary of PJL on 5 July 2019.

The acquisition gave rise to a one-off gain on bargain purchase of RM10.6 million (see Notes 5, 17 and 18).

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

14. Contingent Liabilities

The following are the contingent liabilities outstanding as at 30 September 2019:

	As at 30-Sep-19	
	Group RM'000	**Company RM'000**
Unsecured:-		
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	-	115,213

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 Group to revise its tax computations for YA2011 and subsequent years. The Group engaged a tax consultant to assist in the matter and assess the tax impacts thereof. In February 2017, the Group responded to the IRB that it disagrees with applying the same computation method used for the earlier tax audit exercise based on reasonable technical grounds. The Group may need to provide for additional tax payable, if any, arising from any revision of the tax computations for YA2011 and subsequent years, the outcome of which cannot be ascertained at this present stage. As at the latest practicable date of 15 November 2019, the Group has not received any response from the IRB to its reply of February 2017.

15. Capital Commitments

As at 30 September 2019, the Group has no outstanding or additional capital commitments which are approved and/or contracted for.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

16. Significant Related Party Transactions

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

	Current Quarter Ended 30-Sep-19 RM'000	Corresponding Quarter Ended 30-Sep-18 RM'000
Company		
i. Subsidiaries:		
- management income	369	381
- interest income	-	7,159
ii. Related party:		
- interest expense	3,283	2,720
- rental expense	15	-
Group		
i. Related party:		
- vessel charter income	30,680	37,725
- interest expense	3,283	2,739
- rental expense	85	-

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

b. Compensation of key management personnel

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

	Current Quarter Ended 30-Sep-19 RM'000	Corresponding Quarter Ended 30-Sep-18 RM'000
Short-term employee benefits	245	216

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-Sep-19 RM'000	Corresponding Quarter Ended 30-Sep-18 RM'000	Variance RM'000	%
Revenue	87,409	61,214	26,195	43
Profit Before Interest and Taxation	33,468	21,831	11,637	53
Profit Before Taxation	18,707	7,783	10,924	140
Profit After Taxation	18,087	6,533	11,554	177
Profit Attributable to Ordinary Equity Holders of the Parent	18,087	6,533	11,554	177

For the current quarter ended 30 September 2019, the Group has recorded a higher revenue of RM87.4 million and a profit before tax of RM18.7 million, as compared to a revenue of RM61.2 million and a profit before tax of RM7.8 million in the third quarter of 2018.

The increase in revenue achieved in the current quarter is mainly attributable to higher vessel utilisation at 91% as compared to 84% in the third quarter of 2018. In addition, the profit before taxation in the current quarter has also taken into account a one-off gain on bargain purchase of RM10.6 million arising from the acquisition of a new subsidiary in July 2019 (see Note 13). In contrast, an impairment loss on PPE of RM5.8 million as well as a net realised/unrealised foreign exchange gain of RM14.2 million were accounted for in the corresponding quarter. The profit after tax in the current quarter has taken into account tax expenses amounting to RM0.6 million (see Note 21).

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

17. Review of Financial Performance (Cont'd)

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

	Current Period-to-date Ended 30-Sep-19 RM'000	Corresponding Period-to-date Ended 30-Sep-18 RM'000	Variance RM'000	Variance %
Revenue	175,953	125,577	50,376	40
Profit/(Loss) Before Interest and Taxation	22,470	(4,584)	27,054	590
Loss Before Taxation	(18,747)	(47,224)	28,477	60
Loss After Taxation	(20,295)	(50,025)	29,730	59
Loss Attributable to Ordinary Equity Holders of the Parent	(20,294)	(50,024)	29,730	59

For the financial period ended 30 September 2019, the Group recorded a higher revenue of RM176.0 million and a lower loss before taxation of RM18.7 million as compared to the revenue of RM125.6 million and loss before taxation of RM47.2 million for the previous period ended 30 September 2018.

The increase in revenue is mainly due to higher vessel utilization at 69% for the financial period ended 30 September 2019, as compared to 61% in the corresponding period ended 30 September 2018, resulting from the improved work orders/contracts awarded from oil majors in the third quarter of 2019. The Group recorded a lower loss before taxation for the financial period ended 30 September 2019 which is mainly attributed to a gain on bargain purchase of RM10.6 million arising from the acquisition of a new subsidiary and a reversal of impairment loss on PPE of RM2.8 million whereas an impairment loss on PPE of RM12.9 million as well as a net realised/unrealised foreign exchange gain of RM11.5 million were provided in the preceding period.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

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

	Current Quarter Ended 30-Sep-19 RM'000	Preceding Quarter Ended 30-Jun-19 RM'000	Variance RM'000	%
Revenue	87,409	62,842	24,567	39
Profit Before Interest and Taxation	33,468	8,414	25,054	298
Profit/(Loss) Before Taxation	18,707	(4,779)	23,486	491
Profit/(Loss) After Taxation	18,087	(5,441)	23,528	432
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	18,087	(5,440)	23,527	432

The Group recorded a revenue of RM87.4 million and a profit before tax of RM18.7 million in the current quarter, as compared to a revenue of RM62.8 million and a loss before tax of RM4.8 million in the preceding quarter.

The increase in revenue in the current quarter is mainly due to higher vessel utilisation at 91% as compared to 79% in the second quarter of 2019. The higher vessel utilisation is a result of improved work orders/contracts awarded from the oil majors during the third quarter of 2019. In addition, the profit before tax in the current quarter has taken into account a gain on bargain purchase on acquisition of a new subsidiary of RM10.6 million, as compared to a reversal of impairment loss on PPE of RM2.8 million, legal expenses of RM2.6 million as well as a net realised/unrealised foreign exchange loss of RM1.4 million in the preceding quarter.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

19. Prospects

The third quarter of 2019 has turned out to be one of the best quarters in Perdana's history despite the relatively low oil price. We are indeed proud to achieve this stellar performance as our hard work over the years to turn around the business has started to show promising results. We are particularly pleased that there was a marked improvement in chartering activities during the quarter which was reflected in our highest quarterly revenue since 2014. The encouraging financial performance has further reinforced our view that the outlook in the second half of 2019 will be better as the offshore support vessel market is now showing signs of a sustained recovery.

Our vessel utilization witnessed a very strong level at 91% in the third quarter which was unseen in recent years due to the robust chartering activities, compared to 36% and 79% in the first and second quarter respectively. Correspondingly, our gross profit for the quarter rose to a much healthier level, reflecting the improved underlying operational performance which excludes the impact of exceptional items accounted for in the financial statements.

We firmly believe that the worst is behind us now, and this impressive set of quarterly results is a strong testimony of our unwavering pursuit to improve the Group's performance. In addition, the favourable business environment in the second half of 2019 is expected to be an inflection point for Perdana to showcase our capability to turn around the business after weathering many financial and operational challenges over the past few years. Also, a tightening of vessel supply in the market will yield stronger charter rates which will then grant a further boost to our financial performance.

In the meantime, our synergistic collaboration with Dayang remains a cornerstone of the significant improvement in our financial results as a high number of vessels has been earmarked for Dayang's offshore maintenance and hook-up contracts with various oil majors. Further, we also remain hopeful of winning some longer term contracts with certain oil majors to ensure a clearer earnings visibility.

Meanwhile, our long-awaited comprehensive debt restructuring is currently entering the final stage after receiving overwhelming support from our shareholders for the proposed rights issue of Redeemable Convertible Preference Shares ("RCPS") corporate exercise. We are looking forward to the completion of this corporate exercise which will enable the Group to start on a clean slate and to convincingly deliver a much better financial performance going forward.

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

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

20. Profit / (Loss) for the Quarter / Period

	Current Quarter Ended 30-Sep-19 RM'000	Corresponding Quarter Ended 30-Sep-18 RM'000	Current Period-to-date Ended 30-Sep-19 RM'000	Corresponding Period-to-date Ended 30-Sep-18 RM'000
Profit / (Loss) for the quarter / period is arrived at after charging / (crediting):				
Impairment loss/(Reversal) on property, plant and equipment	-	5,768	(2,818)	12,860
Depreciation of property, plant and equipment	20,285	20,073	60,820	59,619
Interest expense	14,761	14,048	41,217	42,640
Impairment loss on receivables	-	-	-	297
Gain on bargain purchase	(10,561)	-	(10,561)	-
Interest income	(150)	(422)	(1,454)	(2,012)
(Gain) / Loss on foreign exchange:				
- realised	(325)	77	(341)	(1,866)
- unrealised	427	(14,290)	761	(9,605)

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 September 2019.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

21. Taxation

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

	Current Quarter Ended 30-Sep-19 RM'000	Corresponding Quarter Ended 30-Sep-18 RM'000	Current Period-to-date Ended 30-Sep-19 RM'000	Corresponding Period-to-date Ended 30-Sep-18 RM'000
Current tax expense:				
Malaysian - current year	653	975	1,581	2,526
- prior year	(33)	275	(33)	275
	620	1,250	1,548	2,801

The Group's effective tax rate for the current quarter is 3% as compared to 16% in the corresponding quarter. Despite the consolidated losses for the financial period to-date, the Group still incurs a current tax charge of RM1.6 million as the losses incurred by certain group entities cannot be offset against the taxable profits made by other group entities.

22. Corporate Proposals

(i) Corporate Debt Restructuring Committee ("CDRC")

On 4 July 2018, the Company announced that the Corporate Debt Restructuring Committee ("CDRC") of Bank Negara Malaysia has granted approval on the Company's application for assistance to mediate between the Company and some of its subsidiaries (the "Applicant Company/Companies") with their financial institutions and Sukukholders (the "Lenders").

This admission to CDRC is consistent with the Company's strategy to streamline its operations and optimise its financial resources to focus on and proactively enhance its offshore marine support services segment. It is a follow-on from the Company's previous successful cost rationalisation initiative which has had a positive impact on the Company's financials.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

22. Corporate Proposals (Cont'd)

(i) Corporate Debt Restructuring Committee ("CDRC") (Cont'd)

The Company received approval from CDRC on 2 July 2018 ("CDRC Approval Letter") subject to the following conditions:

a) The Company is required to submit a Proposed Debt Restructuring Scheme ("PDRS") within sixty (60) days from the date of the CDRC Approval Letter;

b) The Company's admission is limited to twelve (12) months or upon signing of a debt restructuring agreement, whichever is earlier; and

c) The PDRS must comply with the CDRC's restructuring principles for the Company to continue to remain under the Standstill arrangement with the Lenders.

The Standstill Letter was issued by CDRC to the Lenders of the Applicant Companies on 2 July 2018.

CDRC, which is under the purview of Bank Negara Malaysia, will mediate between Applicant Companies and their respective Financiers to renegotiate their respective financing facilities that can be sustained in the face of this challenging period for the oil and gas industry, in line with the above conditions. This successful mediation would enable the Companies to be better positioned to raise new financing and capital in the future and sustain their operations and underlying viability going forward.

The Company is exploring various options for the PDRS, including but not limited to extension of tenure of borrowings, disposal of assets, special issue or placement of shares and rights issue.

On 30 August 2018, the Company has sought an extension of time of thirty (30) days to submit the PDRS from 1 September 2018.

On 10 October 2018, the Company has conducted its first CDRC meeting and presented a draft PDRS to the Lenders. Subsequently on 15 November 2018, a second CDRC meeting has taken place to provide further updates and details of the debt restructuring scheme.

On 28 January 2019, a third CDRC meeting is held to provide milestone updates and proposed scheme enhancement to all Lenders.

Further details on the debt restructuring scheme that have been agreed by a majority of the lenders are set out in the ensuing Notes 22(ii) and (iii). Barring any unforeseen circumstances, the CDRC program is expected to complete within 18 months from the date of admission, i.e, 2 July 2018.

22. Corporate Proposals (Cont'd)

(ii) Proposed Rights Issue of Redeemable Convertible Preference Shares, Amendments to the Company's Constitution and Provision of Financial Assistance (the "Proposals")

On 17 May 2019, the Company announced and proposed to undertake the following:

(i) Proposed renounceable rights issue of new redeemable convertible preference shares ("RCPS") to the entitled shareholders of the Company ("Entitled Shareholders") at an issue price and basis to be determined and announced later ("Proposed Rights Issue of RCPS"); and

(ii) Proposed amendments to the Constitution of the Company to facilitate the creation of the RCPS pursuant to the Proposed Rights Issue of RCPS ("Proposed Amendments").

The Company intends to raise a minimum gross proceeds of RM455.0 million and a maximum gross proceeds of RM506.0 million from the Proposed Rights Issue of RCPS.

The Proposed Rights Issue of RCPS entails the issuance of the RCPS to the shareholders of the Company whose names appear in the record of depositors of the Company on an entitlement date to be determined by the Company at a later date ("Entitlement Date") ("Entitled Shareholders") and/or their renouncee(s).

The Proposed Rights Issue of RCPS is intended to raise minimum gross proceeds of RM455.0 million whereby Dayang Enterprise Holdings Bhd ("Dayang") as the holding company and a major shareholder of the Company will undertake to subscribe for the RCPS up to the value of RM455.0 million ("Undertaking"). However, should all the Entitled Shareholders and/or their renouncee(s), where applicable subscribe in full for their respective entitlements under the Proposed Rights Issue of RCPS, the Company may potentially raise maximum gross proceeds of up to RM506.0 million.

The entitlement basis for the Proposed Rights Issue of RCPS ("Entitlement Basis") and the issue price of the RCPS ("Issue Price") have not been fixed at this juncture to provide flexibility to the Company in respect of the pricing of the RCPS due to potential share price movements. Pricing the RCPS closer to the implementation of the Proposed Rights Issue of RCPS will also enable the Issue Price to be more reflective of the prevailing market price of ordinary shares of the Company at that point in time. The Entitlement Basis and the Issue Price will be determined and announced by the Company before the Entitlement Date.

In addition, the RCPS will be provisionally allotted to the Entitled Shareholders on the Entitlement Date after obtaining all relevant approvals in respect of the Proposed Rights Issue of RCPS. The indicative salient terms of the RCPS are set out in the relevant announcement.

22. Corporate Proposals (Cont'd)

(ii) Proposed Rights Issue of Redeemable Convertible Preference Shares, Amendments to the Company's Constitution and Provision of Financial Assistance (the "Proposals") (Cont'd)

The Proposed Rights Issue of RCPS will allow the Company to repay part of Dayang's advances in an expeditious manner through a set-off arrangement, whereby Dayang's advances will be directly set off against the subscription monies due from Dayang pursuant to the Undertaking ("Set-Off Arrangement"). The repayment via the Set-Off Arrangement will reduce the liabilities of the Group without any cash outflow which is expected to improve the financial position of the Group and place it on a stronger financial footing.

On 10 July 2019, the Company has submitted an application to Bursa Securities seeking its approval for an extension of time to submit the additional listing application ("ALA") and draft circular for the Proposals ("Circular") to Bursa Securities.

On 22 July 2019, the Company further announced and proposed to provide financial assistance to Dayang in the form of corporate guarantees, indemnities and/ or collaterals for banking facilities obtained or to be obtained (as the case may be) by Dayang from licensed financial institutions, up to an aggregate amount of RM682.5 million (″Proposed Provision of Financial Assistance″).

As part of Dayang's group-wide debt restructuring exercise, Dayang proposed to undertake a subscription of RCPS of up to RM455.0 million in value pursuant to the Proposed Rights Issue of RCPS and undertake a proposed issuance of an unrated Islamic medium term notes of up to RM682.5 million in nominal value based on the Shariah principle of Murabahah (via Tawarruq arrangement) under a Sukuk Murabahah programme to be established ("Dayang Sukuk Programme"). The group-wide debt restructuring exercise of the Dayang Group aims to restructure and reschedule their loans and debt obligations to strengthen the financial position of the Dayang Group whereby part of the Dayang Sukuk Programme proceeds will be utilised for the early redemption of the Company's Sukuk Murabahah. As such, the Company will be required to undertake the Proposed Provision of Financial Assistance in favour of the relevant licensed financial institutions to facilitate the Dayang Sukuk Programme.

The Proposed Provision of Financial Assistance and the Proposed Rights Issue of RCPS together with the debt restructuring exercise will provide the Company a strong financial position to capitalise on the opportunities which are now emerging in the oil and gas industry. With an efficient capital structure, the Company and Dayang will have the flexibility to tap into the capital market for future fund raising opportunities and business expansion.

On 25 July 2019, Bursa Securities has vide its letter dated on the same day, approved the Company's application for an extension of time of up to 16 September 2019 to submit the ALA and draft Circular to Bursa Securities.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REOUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

22. Corporate Proposals (Cont'd)

(iii) Proposed Rights Issue of Redeemable Convertible Preference Shares, Amendments to the Company's Constitution and Provision of Financial Assistance (the "Proposals") (Cont'd)

On 19 August 2019, the Company has submitted the Proposals application to Bursa Securities and an application to Bank Negara Malaysia ("BNM") for the issuance of the RCPS to the non-resident shareholders of the Company in relation to the Proposed Rights Issue of RCPS. Subsequently on 6 September 2019, Bursa Securities and BNM have vide their letters approved the Company's Proposals application and the issuance of the RCPS to the non-resident shareholders of the Company respectively. The terms and conditions of the approvals are set out in the relevant announcements dated 10 and 12 September 2019.

On 25 September 2019, the Company has issued the Notice of Extraordinary General Meeting ("EGM") and the Circular to shareholders in relation to the Proposals. On 17 October 2019, all the resolutions as prescribed in the Notice of EGM were duly passed by way of poll at the EGM convened by the Company.

Following the latest Proposals timeline, BNM has vide its letter dated 31 October 2019, approved the Company's application for an extension of time of up to January 2020 for the issuance of the RCPS to the non-resident shareholders of the Company pursuant to the Rights Issue of the RCPS.

On 15 November 2019, the Company has fully redeemed the outstanding Sukuk of RM365.0 million via an advance from Dayang pursuant to the issuance of Dayang Sukuk Programme on even date.

Save for the above, there were no other corporate proposals announced but not completed as at 15 November 2019, being the latest practicable date not earlier than 7 days from the date of issue of this interim report.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REOUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

23. Borrowings

Total Group's borrowings as at 30 September 2019 were as follows:

	As at Current Period Ended 30-Sep-2019					
	Non-current		Current		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
- Sukuk	-	-	-	354,575	-	354,575
- Term loans	17,786	74,505	9,718	40,708	27,504	115,213
- Islamic facility	-	15,321	-	1,179	-	16,500
Unsecured						
- Revolving credit	-	-	-	2,000	-	2,000
Total	17,786	89,826	9,718	398,462	27,504	488,288

Exchange rate (USD: MYR) at USD1: MYR4.189

Source of reference: Bank Negara Malaysia website

Total Group's borrowing as at 31 December 2018 were as follows:

	As at Previous Year Ended 31-Dec-2018					
	Non-current		Current		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
- Sukuk	-	-	-	438,528	-	438,528
- Term loans	-	-	16,424	68,011	16,424	68,011
- Finance lease liabilities	-	-	30,117	124,713	30,117	124,713
Unsecured						
- Revolving credit	-	-	-	2,000	-	2,000
Total	-	-	46,541	633,252	46,541	633,252

Exchange rate (USD: MYR) at USD1: MYR4.141

Source of reference: Bank Negara Malaysia website

23. Borrowings (Cont'd)

As at 30 September 2019, the total outstanding borrowings of the Group amounted to RM488.3 million as compared to RM633.3 million as at 31 December 2018. Effective 2 July 2018, upon the issuance of the Standstill Letter by CDRC [refer Note 22(i)], the Group has not made any principal repayment (except for the Sukuk) that has fallen due up to 30 September 2019. The reduction in borrowings is mainly attributed to the principal repayment of the Sukuk bond of RM90.0 million in April 2019 as well as the acquisition of MSL on 5 July 2019 [refer Note 13(i)]. The said acquisition was undertaken as part of the Group's debt restructuring scheme to restructure its existing finance lease arrangement whilst assuming an existing term loan obligation of MSL which resulted in a net reduction in borrowings of approximately RM60.0 million.

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 term loans, revolving credit and Islamic facility of the Group are based on fixed interest rate whereas the Sukuk bond and finance lease liabilities are based on floating interest rate.

As at 31 December 2018, the Group has not met certain covenants of two term loans and has not complied with certain terms of the Sukuk bond with a total carrying amount of RM489.7 million. As a result, the non-current portions of these term loans and the Sukuk bond of RM362.1 million have been reclassified to current liabilities as at 31 December 2018. As at 30 September 2019, the outstanding amount of one of the said two term loans has been fully settled and refinanced into a new Islamic facility amounting to RM16.5 million over a tenure of 7 years in August 2019. In addition, two other loans of the Group have been successfully restructured to be repayable over new tenures of 4 and 7 years respectively. As a result, the Group has reclassified some of its borrowings amounting to RM89.8 million to non-current liabilities as at 30 September 2019.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REOUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

24. Material Litigations

Save for the following, there were no material litigations involving the Group since the last financial year ended 31 December 2018 up to 15 November 2019, being the latest practicable date not earlier than 7 days from the date of issue of this interim report.

On 7 August 2018, Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra, Datin Che Nariza Hajjar Hashim, Wong Fook Heng and Tiong Young Kong (the "Plaintiffs") filed a claim for indemnification of legal fees they have incurred in defending the prior suits (and the appeals emanated therefrom) brought by the Company against them.

On 29 May 2019, the High Court has allowed the Plaintiff's claim against the Company for the cost incurred on an indemnity basis in defending the suits (and the appeals emanated therefrom) since 2009. The total amount to be paid by the Company to the Plaintiffs including the costs and the allocator fee is RM2,652,447.13. The said amount has been fully settled in September 2019.

On 27 June 2019, the Company has filed a notice of appeal to the Court of Appeal against the decision made by the High Court. The Company's solicitors attended court on 13 August 2019 for case management and updated the court on the current progress of the appeal. This matter came up for e-review on 30 October 2019 before the Deputy Registrar of the Court of Appeal. The Court of Appeal was informed that the Company has yet to obtain the grounds of judgement from the High Court and that the Company has issued several reminders to the High Court. Therefore, the Court of Appeal has adjourned the matter to 17 December 2019 for further e-review and for the Company to update the Court of Appeal on the availability of the said grounds of judgement.

25. Proposed Dividends

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

The Board of Directors did not recommend the payment of any dividends for the financial year ended 31 December 2018.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

26. Profit/(Loss) Per Share

a) Basic

	Current Quarter Ended 30-Sep-19	Corresponding Quarter Ended 30-Sep-18	Current Period-to-date Ended 30-Sep-19	Corresponding Period-to-date Ended 30-Sep-18
Net profit/(loss) attributable to shareholders (RM'000)	18,087	6,533	(20,294)	(50,024)
Number of ordinary shares at the beginning of the quarter/period	778,470,949	778,470,949	778,470,949	778,470,949
Weighted average number of ordinary shares in issue	778,470,949	778,470,949	778,470,949	778,470,949
Basic profit/(loss) per ordinary share (Sen)	2.32	0.84	(2.61)	(6.43)

b) Diluted

Diluted loss per share has not been presented as the Company has no dilutive equity instruments outstanding as at 30 September 2018 and 2019.

By Order of the Board

Bailey Kho Chung Siang
Executive Director

Date: 21 November 2019