ANNUAL REPORT 2019

perdana petroleum

199501042909 (372113-A)

Our **Vision**

To be the leading and preferred offshore marine operator for the upstream oil & gas industry in the region

Our **Mission**

Staying resilient in the business, united we achieve and together we create core business values to our stakeholders

OUR BUSINESS & OPERATIONS

WHO WE ARE

Perdana Petroleum Berhad Group's ("Perdana Group" or the "Company") core businesses encompass the provision of offshore marine support services for the upstream oil and gas industry in the domestic and regional markets.

The Company owns and operates a fleet of vessels that consist of Anchor Handling Tug Supply vessels, Accommodation Workboat and Workbarges to support an array of offshore activities from exploration, development, facilities installation, hook-up & commissioning, production, operation and maintenance. Perdana Group's vessels are designed and fitted with international standard equipment to meet the challenging requirements of the offshore oil and gas industry.

We have been in the vessel chartering business since 2004. In 2011, we have been awarded Petronas license to cater for marine chartering services to Petronas Group and other oil majors in the region.

Perdana Group has built a reputation for excellent service in its core activities of providing offshore support to a host of clients. The services rendered include:

(a) workbarges and workboats for on-board accommodation and work facilities for offshore personnel;

(b) towing, mooring and anchoring of non-self-propelled barges and rigs; and

(c) transportation of drilling, production and project materials and chemicals.

CONTENTS

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Datuk Ling Suk Kiong	*Executive Chairman*
Bailey Kho Chung Siang	*Executive Director*
Alias Bin Mat Lazin	*Executive Director*
Chin Chee Kong	*Non-Independent Non-Executive Director*
Datuk Hasmi Bin Hasnan	*Non-Independent Non-Executive Director*
Emily Hii San San *(Alternate to Datuk Hasmi Bin Hasnan)*	*Non-Independent Non-Executive Director*
Datuk Dr Abd Hapiz Bin Abdullah	*Independent Non-Executive Director*
Datuk Mohd Jafni Bin Mohd Alias	*Independent Non-Executive Director*
Dato' Gerald Hans Isaac	*Independent Non-Executive Director*
Siti Nur Binti Mokhtar	*Independent Non-Executive Director*

COMPANY SECRETARY

Leong Oi Wah (MAICSA 7023802)
SSM PC No.: 201908000717

AUDIT AND RISK MANAGEMENT COMMITTEE

Datuk Dr Abd Hapiz Bin Abdullah	*Chairman*
Datuk Mohd Jafni Bin Mohd Alias	*Member*
Chin Chee Kong	*Member*
Siti Nur Binti Mokhtar	*Member*

REMUNERATION COMMITTEE

Chin Chee Kong	*Chairman*
Datuk Dr Abd Hapiz Bin Abdullah	*Member*
Siti Nur Binti Mokhtar	*Member*

NOMINATION COMMITTEE

Datuk Mohd Jafni Bin Mohd Alias	*Chairman*
Chin Chee Kong	*Member*
Datuk Dr Abd Hapiz Bin Abdullah	*Member*

REGISTERED OFFICE & HEADQUARTERS

Level 15, Block 2
VSQ @ PJCC Jalan Utara
46200 Petaling Jaya, Selangor
Tel No. : +603-7931 8524 / 8424 / 8324
Fax No. : +603-7931 8624
E-mail : ppb.corporate@perdana.my
Web : www.perdana.my

CORPORATE INFORMATION
(CONTINUED)

EXTERNAL AUDITORS

KPMG PLT (LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 2, Lee Onn Building
Jalan Lapangan Terbang
93250 Kuching, Sarawak

SHARE REGISTRAR

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Tel. No. : +603-2783 9299
Fax No. : +603-2783 9222

PRINCIPAL BANKERS

Malayan Banking Berhad [196001000142 (3813-K)]
Maybank Islamic Berhad [200701029411 (787435-M)]
OCBC Bank (Malaysia) Berhad [199401009721 (295400-W)]
United Overseas Bank (Malaysia) Bhd [199301017069 (271809-K)]

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Sector : Energy
Sub-Sector : Energy Infrastructure, Equipment & Services
Listing Date : 16 August 2000

Ordinary Share
Stock Code : 7108
Stock Name : PERDANA

Preference Share
Stock Code : 7108PA
Stock Name : PERDANA-PA

2019 FINANCIAL RESULTS ANNOUNCEMENTS

First Quarter	21 May 2019
Second Quarter	22 August 2019
Third Quarter	21 November 2019
Fourth Quarter	20 February 2020

PUBLISHED ANNUAL REPORT AND NOTICE OF ANNUAL GENERAL MEETING

Annual Report 2019 & Notice of 24th Annual General Meeting	28 May 2020
24th Annual General Meeting	22 June 2020

CORPORATE **STRUCTURE**

as at 31 December 2019

perdana petroleum

Equity Interest	Subsidiaries	Equity Interest	Subsidiaries
100%	Intra Oil Services Berhad		
100%	Perdana Nautika Sdn Bhd		
100%	Ampangship Marine Sdn Bhd		
100%	Perdana Earth Ltd		
100%	Perdana Jupiter Ltd	100%	Mount Santubong Ltd
100%	Perdana Mars Ltd		
100%	Perdana Neptune Limited		
100%	Perdana Pluto Limited		
100%	Perdana Saturn Limited		
100%	Perdana Uranus Limited		
100%	Perdana Mercury Ltd		
100%	Perdana Venus Ltd		
100%	Petra Offshore Limited		
100%	Perdana Marine Offshore Pte Ltd		
100%	Odin Explorer Navigation Ltd		
51%	Geoseas Techonologies Ltd		

VESSEL **FLEET**

A. ACCOMMODATION WORKBARGES

1. **Perdana Odyssey**
Gross/Net Tonnage:
10,159/3,047 ton

2. **Perdana Excelsior**
Gross/Net Tonnage:
10,445/3,133 ton

3. **Perdana Endurance**
Gross/Net Tonnage:
10,445/3,133 ton

4. **Perdana Protector**
Gross/Net Tonnage:
10,445/3,133 ton

5. **Perdana Resolute**
Gross/Net Tonnage:
10,445/3,133 ton

6. **Perdana Emerald**
Gross/Net Tonnage:
10,445/3,133 ton

B. ANCHOR HANDLING TUG SUPPLY VESSELS

1. **Perdana Adventurer**
Gross/Net Tonnage:
2,310/693 ton

2. **Perdana Traveller**
Gross/Net Tonnage:
2,310/693 ton

3. **Perdana Horizon**
Gross/Net Tonnage:
2,532/759 ton

4. **Perdana Frontier**
Gross/Net Tonnage:
1,706/511 ton

5. **Perdana Ranger**
Gross/Net Tonnage:
1,706/511 ton

6. **Perdana Voyager**
Gross/Net Tonnage:
2,532/759 ton

7. **Perdana Expedition**
Gross/Net Tonnage:
2,532/759 ton

8. **Perdana Marathon**
Gross/Net Tonnage:
2,921/876 ton

C. WORKBOATS

1. **Perdana Liberty**
Gross/Net Tonnage:
3,265/979 ton

2. **Perdana Sovereign**
Gross/Net Tonnage:
3,265/979 ton

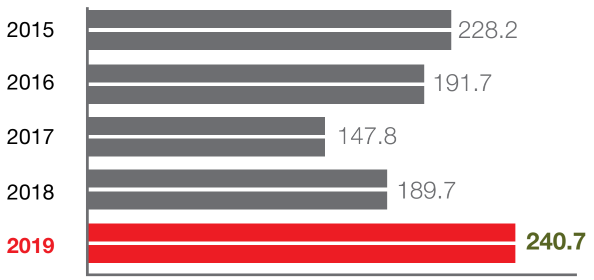
5 YEARS **FINANCIAL HIGHLIGHTS**

Financial Year Ended 31 December:	2015	2016	2017	2018	2019
Key Financial Information (RM'Million)					
Revenue	228.2	191.7	147.8	189.7	**240.7**
Operating Profit/(Loss)	(60.6)	24.6	(130.3)	15.1	**20.3**
Loss Before Taxation	(114.9)	(35.9)	(187.6)	(38.9)	**(12.4)**
Loss Attributable to Owners of the Company	(118.5)	(28.0)	(186.1)	(40.9)	**(23.0)**
Earnings/(Loss) Before Interest, Taxes, Depreciation and Amortization ("EBITDA"/"LBITDA")	23.2	112.2	(42.1)	95.3	**101.1**
Cash & Bank Balances	46.7	74.3	77.0	36.5	**37.6**
Total Assets	1,790.8	1,715.9	1,424.1	1,374.9	**1,295.5**
Total Loans and Borrowings	998.8	895.9	734.3	633.3	**125.7**
Total Liabilities	1,046.2	972.4	929.4	914.1	**395.7**
Share Capital	389.2	389.2	411.2	411.2	**885.2**
Shareholders' Funds	744.4	743.4	494.5	460.7	**899.7**
Information on Shares					
No. of Total Shares ('Million)	778.5	778.5	778.5	778.5	**2,242**
Basic Earnings/(Loss) Per Share (Sen)	(15.77)*	(3.60)*	(23.91)	(5.26)	**(2.95)**
Diluted Earnings/(Loss) Per Share (Sen)	(15.77)	(3.60)	(23.91)	(5.26)	**(2.95)**
Net Assets Per Share (RM)	0.96	0.95	0.64	0.59	**0.40**
Share price as at financial year end (RM)	N/A	N/A	0.33	0.22	**0.40**
Financial Ratios					
Gearing Ratio (times)	1.34	1.21	1.48	1.37	**0.14**
Current Ratio (times)	0.26	0.41	0.13	0.10	**0.43**
EBITDA/LBITDA Margin (%)	10%	59%	-28%	50%	**42%**

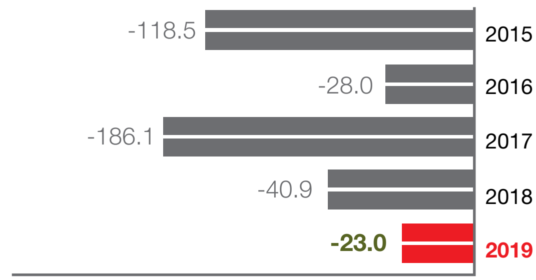
** The Company's shares were suspended from trading*

5 YEARS FINANCIAL HIGHLIGHTS
(CONTINUED)

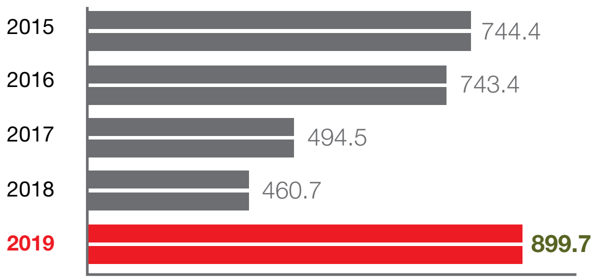
REVENUE (RM'MILLION)



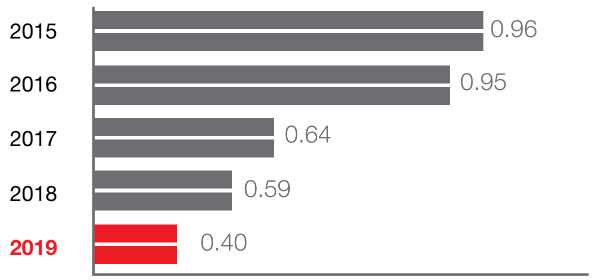
NET LOSS (RM'MILLION)



SHAREHOLDERS' FUNDS (RM'MILLION)



NET ASSETS PER SHARE (RM)



DIRECTORS' **PROFILE**

DATUK LING SUK KIONG
Executive Chairman

Age: 74
Nationality: Malaysian
Date of Appointment: 12 December 2012
Length of Service (as at 30 April 2020): 7 years 5 months

Datuk Ling Suk Kiong was appointed as a Non-Independent Non-Executive Director of Perdana Petroleum Berhad ("PPB") on 12 December 2012 and subsequently became the Executive Chairman of PPB on 24 August 2015.

He is the founder of Dayang Enterprise Holdings Berhad Group ("Dayang Group" or "DEHB"). He established Dayang Enterprise Sdn Bhd in 1980 and has been instrumental in the growth and development of Dayang Group. He brings with him more than thirty (30) years of experience in the oil and gas industry and is mainly responsible for the overall strategic business direction of Dayang Group.

His career started in 1968 when he joined Kong Thai Sawmill (M) Sdn Bhd as Officer in Charge of the Miri office. He was subsequently promoted to Assistant Manager in 1969 and in 1977, promoted to the position of Manager. In 1980 he went on to establish the Dayang Group and is presently the Executive Deputy Chairman of DEHB.

Family Relationship with any Director and/or major shareholder
Datuk Ling do not have any family relationships with any member of the Board. Mr Joe Ling Siew Loung @ Lin Shou Long, a major shareholder of PPB, is Datuk Ling Suk Kiong's child.

Conflict of Interest
None

Conviction of Offences within the past 5 years
None

DIRECTORS' PROFILE
(CONTINUED)

BAILEY KHO CHUNG SIANG
Executive Director

Age: 59
Nationality: Malaysian
Date of Appointment: 12 December 2012
Length of Service (as at 30 April 2020): 7 years 5 months

Bailey Kho Chung Siang was appointed as a Non-Independent Non-Executive Director of Perdana Petroleum Berhad ("PPB") on 12 December 2012. On 24 August 2015 he was re-designated as the Executive Director.

He graduated in 1984 from the University of Canterbury, New Zealand with a Bachelor of Commerce Degree. He began his career in 1985 when he joined Hanafiah Raslan Mohammad as an Audit Semi-Senior Officer. Subsequently in 1986, he took up the position as manager with Tan Jin Kok & Co. (now known as Crowe Horwath) and was appointed as Director at TJK Taxation and Management Services Sdn Bhd ("TJK") in 1989.

In 1991, he joined Bumi Armada Navigation Sdn Bhd as Finance Manager and as Company Secretary of Bumi Armada Berhad. In 1997, he moved to Oleander Enterprise Sdn Bhd and took position as Personal Assistant to the Chairman. In 1999, he returned to TJK in the position as Associate Consultant before joining Dayang Enterprise Sdn Bhd as the Financial Controller in 2000.

He brings with him many years of experience in the field of finance and accounting. He is currently the Head of Corporate Affairs and Joint Company Secretary of Dayang Enterprise Holdings Berhad and its subsidiaries ("Dayang Group"), having assumed this position since 2008 and is responsible for overseeing all the financial and secretarial aspects of the Dayang Group.

Family Relationship with any Director and/or major shareholder
None

Conflict of Interest
None

Conviction of Offences within the past 5 years
None

DIRECTORS' PROFILE

(CONTINUED)

ALIAS BIN MAT LAZIN
Executive Director

Age: 51
Nationality: Malaysian
Date of Appointment: 10 September 2015
Length of Service (as at 30 April 2020): 4 years 8 months

Alias bin Mat Lazin was appointed as a Non-Independent Non-Executive Director of Perdana Petroleum Berhad ("PPB") on 10 September 2015 and subsequently on 1 September 2018 re-designated as the Executive Director.

He graduated in 1994 from the Hanyang University of South Korea with a Bachelor's Degree in Mechanical Engineering. In 2014, he obtained his Master in Project Management from the University of Technology Malaysia. He is a member of the Board of Engineers Malaysia. With over 25 years of experience in the Oil and Gas industry, he has vast knowledge in the field of engineering, onshore and offshore construction, tender strategies, business planning and operational performance.

He began his career with Hyundai Engineering and Construction Co. Ltd. ("Hyundai") as a Junior Field Engineer upon graduation. Determined and energetic, he was subsequently given the trust to lead the Business Development of the Hyundai's Plant Division. Through the years, he has served in local and international companies in various positions. In 2009, he joined Dayang Enterprise Sdn Bhd ("Dayang") as a Project Manager tasked with the responsibility of establishing Dayang's Hook-Up and Commissioning ("HUC") Division. With the success of Dayang's HUC division, he has since then, led the team to venture into new segments which includes Engineering, Procurement, Construction and Commissioning ("EPCC") and Pre-Commissioning and Decommissioning activities in the Oil and Gas sector.

He is currently responsible in leading PPB's fleet operations and chartering division as well as leading Dayang's business planning and operational performance overseeing all contracts for Peninsular Malaysia and international operations.

Family Relationship with any Director and/or major shareholder
None

Conflict of Interest
None

Conviction of Offences within the past 5 years
None

DIRECTORS' PROFILE
(CONTINUED)

CHIN CHEE KONG

Non-Independent Non-Executive Director
Remuneration Committee, Chairman
Audit and Risk Management Committee, Member
Nomination Committee, Member

Age: 62
Nationality: Malaysian
Date of Appointment: 1 October 2015
Length of Service (as at 30 April 2020): 4 years 7 months

Mr Chin Chee Kong joined Peat Marwick Mitchell & Co (now known as KPMG) in Kuala Lumpur, Malaysia on 2 February 1979 as an audit junior. KPMG registered him as an articled student with The Malaysian Association of Certified Public Accountants (now known as The Malaysian Institute of Certified Public Accountants or "MICPA") in the second half of 1979. After having passed the Foundation and Professional examinations set by MICPA and in the process won all the five (5) gold medals on offer for the Professional I and Professional II examinations, he was seconded to the tax division of KPMG Melbourne, Australia from October 1984 to March 1985. In August 1985, he was transferred to take charge of the Kuching Office of the firm and on 1 October 1990, he was promoted to be a partner of KPMG Malaysia. During his tenure with the firm, he was principally involved in the provision of audit, taxation, financial advisory and corporate advisory services to corporate clients, both public listed and privately held. He retired from KPMG on 31 December 2013.

He is also a director of Naim Holdings Berhad and a Director of non-listed companies, Industrial and Commercial Bank of China (Malaysia) Berhad and Kebajikan Dayang Fatimah Berhad.

Family Relationship with any Director and/or major shareholder
None

Conflict of Interest
None

Conviction of Offences within the past 5 years
None

DIRECTORS' PROFILE
(CONTINUED)

DATUK HASMI BIN HASNAN
Non-Independent Non-Executive Director

Age: 67
Nationality: Malaysian
Date of Appointment: 1 September 2018
Length of Service (as at 30 April 2020): 1 year 8 months

Datuk Hasmi bin Hasnan is the founder of Naim Land Sdn. Bhd., a wholly-owned subsidiary of Naim Holdings Berhad. He was appointed Managing Director of Naim Holdings Berhad on 25 July 2003. He graduated with a Bachelor of Science in Estate Management from the London South Bank University, United Kingdom in 1978. He is a Senior Certified Valuer with the International Real Estate Institute, United State and a member of the Federation Internationale des Administrateurs de Bien-Conselis Immobiliers ("FIABCI"), translates as the International Real Estate Federation.

He began his career in 1979 as a valuer in the Land and Survey Department of Sarawak. Since 1982, he has been involved in a wide range of businesses including valuation, project management, property development and management, construction, timber, manufacturing, trading and publishing. In June 1993, he became the Managing Director of Naim Land Sdn. Bhd. and has since been the main driving force behind the company's growth and expansion. He was awarded the Property Man of the Year for 2008 by FIABCI in Kuala Lumpur.

He presently is the Managing Director of Naim Holdings Berhad, Executive Chairman of Dayang Enterprise Holdings Bhd, a Director of non-listed company, Naim Incorporated Berhad and Kebajikan Dayang Fatimah Berhad.

Family Relationship with any Director and/or major shareholder
None

Conflict of Interest
None

Conviction of Offences within the past 5 years
None

DIRECTORS' PROFILE
(CONTINUED)

EMILY HII SAN SAN
(Alternate Director to Datuk Hasmi Bin Hasnan)
Non-Independent Non-Executive Director

Age: 43
Nationality: Malaysian
Date of Appointment: 2 January 2020
Length of Service (as at 30 April 2020): 4 months

Ms Emily Hii San San holds a Bachelor of Commerce Degree, major in Accountancy and Diploma for Grates, University of Otago, New Zealand. She is a Chartered Accountant of Chartered Accountants Australia and New Zealand and a member of Malaysia Institute of Accountants.

She joined Naim Holdings Berhad on 1 June 2010 as Finance Manager and was then promoted to Deputy Director – Finance in August 2012. On 1 February 2019, she was promoted to Senior Vice President cum Chief Financial Officer handling finance, corporate planning, information technology and administration activities of Naim Holdings Berhad Group of Companies ("Naim Group"). Prior to joining the Naim Group, she has more than 15 years of working experience in accounting and tax related matters in various industry during her employment at KPMG.

She presently sits on the boards of Samalaju Properties Sdn Bhd (a subsidiary to Cahya Mata Sarawak Berhad) as Alternate Director and as Director for Naim Land Sdn Bhd and Kempas Sentosa Sdn Bhd (subsidiaries of Naim Group).

Family Relationship with any Director and/or major shareholder
None

Conflict of Interest
None

Conviction of Offences within the past 5 years
None

DIRECTORS' PROFILE
(CONTINUED)

DATUK DR ABD HAPIZ BIN ABDULLAH
Independent Non-Executive Director
Audit and Risk Management Committee, Chairman
Nomination Committee, Member
Remuneration Committee, Member

Age: 62
Nationality: Malaysian
Date of Appointment: 10 September 2015
Length of Service (as at 30 April 2020): 4 years 8 months

Datuk Dr Abd Hapiz Abdullah graduated with a Doctor of Philosophy in Organic Chemistry from Utah State University, United States ("USA") and a Bachelor of Science in Chemistry from University of Nevada, USA.

He had more than thirty (30) years of experience in management, marketing, business development and technical in the chemical manufacturing industry. He began his career at Dow Chemical Malaysia holding a regional role and then moved to DuPont Malaysia as the Managing Director. He took on the role of President / Chief Executive Officer of Petronas Chemicals Group Berhad in 2011 and retired in 2014.

He presently sits on the boards of several chemical companies both in Malaysia and the USA. He is the Chairman of the Chemical Industries Council of Malaysia which has membership of more than 100 companies and also the Chairman of the National Chemical Productivity Nexus. He is also currently a Council member of the National Productivity Council of Malaysia and the National Science Council of Malaysia. He has recently been appointed to the board of MSM Malaysia Holdings Berhad and Ancom Berhad.

Family Relationship with any Director and/or major shareholder
None

Conflict of Interest
None

Conviction of Offences within the past 5 years
None

DIRECTORS' PROFILE
(CONTINUED)

DATUK MOHD JAFNI BIN MOHD ALIAS

Independent Non-Executive Director
Nomination Committee, Chairman
Audit and Risk Management Committee, Member
Remuneration Committee, Member

Age: 53
Nationality: Malaysian
Date of Appointment: 1 October 2015
Length of Service (as at 30 April 2020): 4 years 7 months

Datuk Mohd Jafni bin Mohd Alias is a graduate of the Chartered Institute of Management Accountants ("CIMA"), United Kingdom.

He is the co-founder of Vida Partners Sdn Bhd, is a private equity and venture capital management company registered with the Securities Commission Vida Partners currently manages funds for institutions, corporations and high net worth individuals since 2000. He was previously the Director of Commerce Asset Ventures Sdn Bhd ("Commerce-Ventures") and a senior member of its Management Committee during which he served as Director for numerous portfolio companies under Commerce-Ventures and has twenty-three (23) years of experience in investment, capital market, corporate finance and portfolio management. Before joining Commerce-Ventures, he worked with Commerce International Merchant Bankers Berhad (now known as CIMB Group) from 1991 to 2000.

Family Relationship with any Director and/or major shareholder
None

Conflict of Interest
None

Conviction of Offences within the past 5 years
None

DIRECTORS' PROFILE
(CONTINUED)

DATO' GERALD HANS ISAAC
Independent Non-Executive Director

Age: 48
Nationality: Malaysian
Date of Appointment: 1 October 2015
Length of Service (as at 30 April 2020): 4 years 7 months

Dato' Gerald Hans Isaac graduated with a Bachelor of Business Management degree from the Institute of Commerce in Singapore. He also obtained a Bachelor of Hotel Management degree from Stamford College.

He was appointed as Chairman of the National Film Development Corporation Malaysia ("FINAS") in April 2019 for a two-year term of office.

He is the founder and Managing Director of Tall Order Sdn Bhd, a company currently providing funding for creative projects and mentorship programs. He is also a Managing Director of Social 360 Sdn Bhd, a company involved in security and insurance for both social media and telecommunication companies.

He has headed Malaysia's Content Creative Industry for the past many years and has managed a financial creative fund of over RM50 million in investments.

Family Relationship with any Director and/or major shareholder
None

Conflict of Interest
None

Conviction of Offences within the past 5 years
None

DIRECTORS' PROFILE
(CONTINUED)

SITI NUR BINTI MOKHTAR
Independent Non-Executive Director
Audit and Risk Management Committee, Member
Remuneration Committee, Member

Age: 47
Nationality: Malaysian
Date of Appointment: 15 May 2020
Length of Service (as at 30 April 2020): Not Applicable

Puan Siti Nur Binti Mokhtar was appointed as an Independent Non-Executive Director of Perdana Petroleum Berhad ("PPB") on 15 May 2020. She graduated with LLB (Hons) Degree from Staffordshire University, England in 1996, and subsequently obtained her double degree in University Teknologi MARA in 1998, majoring in the same discipline.

In 2001, she completed her postgraduate Diploma in Syariah Law & Practise at the International Islamic University and continued her educational pursuit in Masters of Law at Universiti Kebangsaan Malaysia and graduated in 2003. She is currently pursuing her doctorate in Criminal Justice at Universiti Teknologi MARA.

She practices law under her legal firm, Messrs. Nur Mokhtar & Co. The firm specializes in the area of business reorganization and corporate law.

Being a well-rounded person, she devotes her time and energy into creating various niche programs and projects under her company, JNJ Group, where she holds the position as Group Executive Chairman in JNJ Group of Companies.

She is the President of Persatuan Professional Melayu Malaysia ("PPMM"), a non-governmental organization that primarily focuses on bottom 40's ("B40") economic empowerment, through skills training, and provision of business seed fund currently under the purview of various ministries.

Family Relationship with any Director and/or major shareholder
None

Conflict of Interest
None

Conviction of Offences within the past 5 years
None

EXECUTIVE CHAIRMAN'S STATEMENT **AND MANAGEMENT DISCUSSION AND ANALYSIS**

Dear Valued Shareholders,

2019 has proven to be a year replete with myriads of uncertainties plaguing the financial market globally. Heightening financial market volatility, rising protectionism and escalating trade tensions were some of the cornerstone of a volatile 2019. Unfortunately, this has extended into 2020 with the outbreak of the COVID-19 pandemic which caught the world by surprise. The wide-ranging ramifications of the fast-spreading COVID-19 have raised considerable concerns on the weakening economic growth due to significant disruptions to global supply chains, business operations and economic activities. It has also been reflected by the steep plunge in crude oil prices. In addition, this was further exacerbated by the failure of Organization of Petroleum Exporting Countries ("OPEC") and OPEC+ to agree on a massive oil production cut to cushion the impact of a weakening demand.

For Perdana Petroleum ("the Group"), 2019 served as an inflection point for us as we successfully completed the group-wide debt restructuring exercise, pursuant to our application to the Corporate Debt Restructuring Committee ("CDRC") of Bank Negara Malaysia for assistance to mediate between the Group entities and its lenders. The Group's corporate exercise which formed part of its comprehensive restructuring plan has also been completed in January 2020 following the overwhelming support from our shareholders.

However, the sudden turn of events in the global financial markets and drop in crude oil prices have somewhat diminished the oil and gas market sentiments and bullishness. It is worthy to note that the much-improved balance sheet this time around should provide the Group with enough resilience and impetus to sustain and ride through this recent unexpected turbulence. We remain cautiously confident that our persistent efforts to turn around the company will be reflected in our 2020 financial performance. The overall offshore support vessel ("OSV") market has actually shown notable improvement since 2019 which led to our improved financial performance as compared to 2018. Going by our performance in the second half of 2019 and the secured contracts on hand, the vessel chartering activities should remain steady in 2020. This is particularly more pertinent for accommodation work barges ("AWB") given the ramp up of work orders from Maintenance, Construction and Modifications Contract ("MCM") and Pan Hook-up and Commissioning Contract ("Pan HUC") as well as for the drilling and in-fill activities.

EXECUTIVE CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

Apart from focusing on optimising the utilisation of our vessel fleet, we remain hopeful of better vessel charter rates in 2020 which will enable us to deliver stronger results for our valued shareholders. Now with the changes in crude oil price dynamics, charter rates may be put into jeopardy for a little while and many parameters could be thrown into disarray. Nevertheless, this set-back could be temporary and we are hopeful of a quick rebound to our industry sooner rather than later. Regardless, we would still adopt a prudent stance to plan for any eventualities with a hope for the best outcome to our industry and the global economy.

At this juncture, we would like to take this opportunity to express our heartfelt appreciation to all our dedicated Board of Directors, management team and employees who continue to place their faith with the company. We would like to stress that the Group always keeps the welfare and benefits of its team members at the top of its priority as it is the human capital that is critical to help the Group emerge stronger from any turbulence and seize future opportunities.

Business and Operations review

The nascent recovery of the OSV market in Malaysia since the beginning of 2019 has helped tremendously for our chartering business. Coupled with our streamlined operations after years of concerted efforts to tighten our budget, we are glad that our losses have narrowed significantly over the past few years while our revenue has hit the highest since 2014, leading to a much healthier financials for the Group.

Our chartering activities sustained a more robust activity level in the financial year 2019 as vessel utilisation improved to 70%, compared to 64% and 52% in 2018 and 2017 respectively. It is worth highlighting that this came on the back of above-average fleet utilisation since the second quarter of 2019. In fact, we reported the highest second-half revenue in 2019 since 2014 which serve as a key milestone for us to attain better profitability and hopefully a faster turnaround going forward.

EXECUTIVE CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS
(CONTINUED)

Business and Operations review (Cont'd)

Meanwhile, the strong working relationship with Dayang Group since 2015 has played a pivotal role in the Group's improved financial performance in the financial year 2019. A high number of our vessels have been working for Dayang under its offshore maintenance, construction and modification contracts with various oil majors where activities have been going full-steam. Indeed, we are grateful that our major shareholder has always been supportive despite the difficulties and challenges experienced in our business. We will continue to work together with Dayang for our business strategic planning as we look to create and enhance synergistic value by leveraging on the niche expertise of both parties which has proven to be a win-win formula.

In 2019, we secured several major contract wins for the provision of AWB and anchor handling tug & supply ("AHTS") vessels. Notably, we were awarded the umbrella contract for OSV services for Petronas' petroleum arrangement contractors' drilling and project activities for the charter of 6 AHTS and 5 AWB vessels for a duration of 3 years with an extension option of one-year plus one-year.

We are hopeful to build on the momentum to win more jobs in 2020 despite the turn of events. Currently, we have a total job tender worth RM283 million. We would like to assure our shareholders that we will try our utmost to win and secure more new jobs in order to offer clear earnings visibility.

Financial review

For the financial year 2019, the Group recorded a net loss attributable to shareholders of RM23.0 million, compared to RM40.9 million net loss in financial year 2018. The markedly improved results were partly due to a reversal of impairment loss on property, plant and equipment ("PPE") of RM11.9 million and a gain on bargain purchase of RM18.8 million. This compares to a net realised/unrealised foreign exchange gain of RM11.5 million and a net reversal of impairment loss on PPE of RM6.7 million in 2018.

We are indeed proud that 2019 revenue increased by 27% year-on-year to RM240.0 million from RM189.7 million in 2018, in tandem with the higher vessel utilisation of 70%. This is also the second consecutive year that our revenue recorded double-digit growth. More importantly, we managed to register a higher gross profit during the financial year as operations continued to improve from 2018.

Nevertheless, our financial results had also been affected by the high interest payment of RM55.2 million and tax expense of RM10.6 million, contributing to the losses during the financial year. As at 31 December 2019, the Group's net gearing stood at 0.1 time, compared to 1.4 times as at 31 December 2018. The significantly reduced gearing level is attributed to the rights issue of redeemable convertible preference shares which was part of the debt restructuring scheme.

In terms of shareholders' fund, it has strengthened to RM899.8 million in financial year 2019 from RM460.7 million in financial year 2018, credits to the successful completion of the debt restructuring exercise. However, cash flow generated from operating activities was lower at RM54.4 million, compared to RM76.6 million in the preceding year and this was mainly due to payment of finance costs (which was being accrued for in the second half of 2018) in 2019 following the completion of the debt restructuring.

EXECUTIVE CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS
(CONTINUED)

Prospects

Fellow shareholders, towards the end of 2019, we were successful in winning some longer term AHTS vessels' contracts on a one-year plus one-year term with certain oil majors and this should further enhance the earnings visibility for the Group going into 2020. The charters of the AWBs from our major shareholder, Dayang Group should continue to remain as a major contributor of both the Group's revenue and profitability. We remain cautiously optimistic of our vessel chartering business going forward, due to the high number of vessels that have been earmarked for Petronas Carigali and also Dayang Group's offshore maintenance and hook-up contracts with various oil majors where activities are currently on-going. In addition, we will strive to continue in maximizing our vessel utilisation by exploring all available opportunities not just within the country but also abroad and from chartering vessels belonging to third parties.

Further, our restructuring exercises have already been completed following the overwhelming support from our shareholders for both its fund-raising and debt restructuring. With a healthier balance sheet and barring unforeseen circumstances, we firmly believe that the Group will be able to weather the challenges ahead and will work extremely hard towards achieving profitability.

Fellow shareholders, the latest challenges that we all are currently facing are real and such threats will definitely impact us one way or another and we do not profess that we would be exempted nor insulated. Such concerns cannot be underestimated and we will certainly exercise more prudence and care in making every business decision going forward.

Acknowledgements

On behalf of the board of directors, I would like to acknowledge our heartfelt appreciation for the contributions, dedications and commitment of all the management and staff of the Group who have displayed the quality of perseverance and tenacity to successfully complete the debt restructuring scheme.

The cooperation and understanding from our valued clients and business associates who have also been a strong pillar of support for us is greatly acknowledged. To our bankers, financiers and investors, we thank you for your continued support and trust in the Group.

Last but not least, thank you very much, our valued shareholders, for your loyalty, trust and confidence in these tough times. Rest assured, we will continue to soldier on and never give up on our mission of maximising shareholders' value at all times. We look forward to better years ahead for us to deliver stronger financial results.

Thank you.

SUSTAINABILITY **REPORT**

EMBEDDING SUSTAINABLE PRACTICES TO ENHANCE BUSINESS VALUES

Our theme "Embedding Sustainable Practices to Enhance Business Values" highlights our continuous efforts in progressing towards a sustainable future. With the rapid advancement of technology and globalization, we strive to constantly provide high value-added marine support services to our clients as a key drive to our sustainability goal. The theme has been consistent over the years and we have been working towards services enhancements in our business to provide quality services.

Perdana Petroleum Berhad ("Perdana" or "the Group") has formalized and incorporated its sustainability reporting practice since 2017. We trust that sustainability is vital to our organization in order for us to operate and compete effectively in this challenging industry. Sustainability efforts will also create greater value for the overall stakeholders of the Group.

REPORTING STANDARDS - REPORTING SCOPE AND BOUNDARIES

Throughout this statement, we demonstrate our full commitment to integrate sustainability practices and prepare this statement on pursuant to the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR"), Sustainability Reporting Guide – 2nd Edition and its accompanying Toolkits issued by the Exchange as well as guidelines issued by the GRI. The contents of this Statement encompass the Group's key business operations, which comprise our core services. This Statement emphasises the Group's commitment towards ensuring that its business operations are carried out sustainably and responsibly, taking cognisance of the economic, social and environmental ("EES") implications it is exposed to. Our scope and boundaries cover all our entities and operations in Malaysia.

We are committed to enhance and refine our sustainability strategies and initiatives to strive towards a more comprehensive disclosure going forward.

Reporting Period	1 January 2019 to 31 December 2019
Reporting Cycle	Annually
Principal Guidelines	• Main Market Listing Requirements • Sustainability Reporting Guide – 2nd Edition

OUR APPROACH TO DRIVE SUSTAINBILITY

Our approach to sustainability is based on our core values of excellence, unity, integrity, humility and building relationship which are supported by the Company's policies and procedures. We consistently embed sustainability into the core of our business. The following value-added sustainability framework forms the basis of Perdana's steps to strengthen and enhance the Group's approach to sustainability and business value creation.

BUSINESS AND OPERATIONS REVIEW

The Group's operations are illustrated in the Management Discussion & Analysis section in page 19.

SUSTAINABILITY STRATEGY

1. As a Public Listed Company

- As a public listed company, we are pre-emptive of the sustainability matters mainly on the economic value creation for the shareholders and stakeholders;

- We plan to elevate the sustainability practice of corporate governance through the engagement with the board's direction and guidance over environmental and social issues, diversity and special expertise on boards, and linking executives and other employees of the sustainability goals;

SUSTAINABILITY STRATEGY (CONT'D)

1. As a Public Listed Company (Cont'd)

- We want to hold robust regular dialogues with our key stakeholders on sustainability challenges, including employees, investors, suppliers and customers;
- We are in the progress to adopt open reporting on sustainability strategies, goals and accomplishments; and
- We are in the progress to develop systematic performance improvements to achieve environmental neutrality and other sustainability goals across the entire value chain, including operations, supply chains and services.

2. As a service provider

We commit to give quality service to all our clients as they are our valued stakeholders.

OUR CONTRIBUTION TOWARDS SUSTAINABLE DEVELOPMENT

Seventeen (17) Sustainable Development Goals (SDGs) were set by the United Nations General Assembly in 2015 to counter major global issues such as urbanization, climate change, resource scarcity, demographic and social change and global economic condition by year 2030 entails contributions from governments, civil society and businesses. All the countries and stakeholders, acting in collaboration, will strive to implement this plan. The 2030 Agenda for Sustainable Development shapes the journey and sustainable enhancement in Malaysia. Aligning to the aspiration of our government, we will enhance our strategies and efforts to adopt these goals progressively as part of our sustainability journey.

Our Sustainable Development Goals

SUSTAINABILITY REPORT
(CONTINUED)

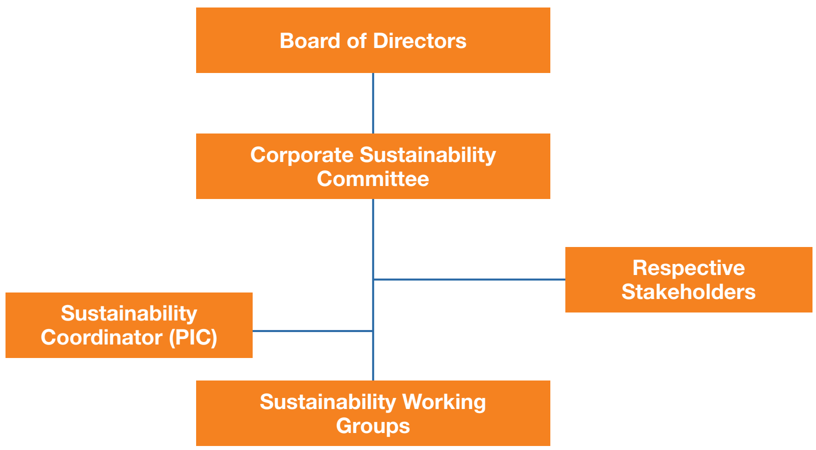
GOVERNANCE OF THE SUSTAINABILITY

Being a public listed company, Perdana is properly guided by our Board of Directors (the "Board") and in compliance with the Corporate Governance ("CG") practices of the Malaysian Code on CG 2017.

The Board has the ultimate responsibility to ensure that our sustainability efforts are embedded in the strategic direction of the Group. We have established a Corporate Sustainability Committee ("CSC") to oversee the formulation, implementation and effective management of our sustainability matters in line with the strategies outlined. The Executive Directors are supported by various working groups responsible for the implementation of the initiatives within the Group. The Executive Directors provides the Board regular updates relating to all key EES risks and opportunities (sustainability matters).

The governance of our sustainability agenda is a process that is important to the Group as it enables the business to effectively operate in a sustainable manner. Aligning good governance structures with our principles demonstrates the commitment from the top management to lead the Group's sustainability agenda. Due to the lean organization structure of the Group, the governance structure is designed around the various key departments as the working groups.

ORGANIZATION STRUCTURE FOR SUSTAINBAILITY



RESPONSIBILITIES OF CORPORATE SUSTAINABILITY COMMITTEE

- Advise / suggest the Board on sustainable strategies;
- Monitor the implementation of sustainability strategies as approved by the Board;
- Oversee stakeholder engagements to ensure all issues, grievances and suggestions raised are taken into consideration in managing sustainability matters;
- Make recommendations to the Board for their approval of the sustainability-related policies and goals;
- Monitor the implementations of policies and initiatives of sustainability management;
- Oversee the management of sustainability matters by focusing on the matters material to the Group; and
- Oversee the preparation of the Sustainability Statement and make recommendations to the Board.

STRATEGIES AND DIRECTIONS

Despite the challenging operating environment, Perdana continues to practice prudence and stay focused on delivering quality growth, while being watchful of the emerging risks. The Group is fully committed to uphold its responsibility which is reflected through its prudent transformation and management as well as sustainability matters.

OUR MATERIALITY ASSESSMENT PROCESS

1. Objectives & Scope

Perdana undertook a materiality study within the top management and middle management to determine the objectives and scope of the sustainability reporting. Our scope and boundaries cover all our entities and operations in Malaysia.

2. Identification of Relevant Sustainability Matters

The process is initiated with identifying the sustainability issues relevant to the Group's business and its stakeholders. In generating the list of issues, the Group assessed the operating environment and emerging trends affecting the oil and gas service sector and conduct a study across a broad range of references. These references include Bursa Malaysia's Sustainability Reporting Guide and Toolkits, the GRI Standards as well as the International Petroleum Industry Environmental Conservation Association ("IPIECA") guidelines to sustainability reporting.

Moving forward in 2020, we plan to undertake a review of material factors and sustainability matters in order to ensure our understanding of both the current and future risks and opportunities facing our markets are adequately addressed, as well as to gather stakeholders' perspectives to ensure the Group responds to their needs in a timely manner. As we update our material factors, we will continue to develop our approach in a holistic and integrated manner. This may involve developing new policies and procedures, implementing various initiatives, measures and action plans, setting indicators as well as establishing a proper mechanism to capture, analyze and report sustainability data and information.

MATERIAL FACTORS

As we monitor, manage and report on a wide variety of issues, our key approach is to focus on our resources addressing the material sustainability risks and opportunities that are associated with each material factor. Understanding our key priorities allows us to set our time, resources and investment at the optimal level.

Materiality Matrix

Materiality assessment is an important tool to identify the most relevant EES priorities that are consistent with our business strategy. We identified, assessed and prioritised 19 material sustainability initiatives during the monthly management meeting involving the sustainability working committee. The output of the assessment was plotted on a matrix which illustrates the impact of each material factor on the Company's business as well as the stakeholders.

SUSTAINABILITY REPORT
(CONTINUED)

MATERIAL FACTORS (CONT'D)

Materiality Matrix (Cont'd)

The materiality process involved several steps which include:

- Identification of potential material topics by reviewing the GRI aspects, benchmarking against key corporate peers and analyzing past reports, considering the feedback from customers, community representatives and employees generally; and
- Identification of aspects and topics most important to the external stakeholders, customers and their supply chain vendors, based upon requests, surveys and ongoing engagement during the reporting period.

The material factors are based on the priority of the Group as outlined below:

A: Business - Key Materiality

Material Factors	Description	What Are the Risks	What Are The Opportunities	Initiatives
Competition	Perdana is exposed to competition within the industry.	Inability to secure contract which will impact the Company's business and performance	• Value added services which are solutions driven and innovative as well as competitive pricing could be offered to the clients as to improve on our core value • Potential regional partnerships and collaborations	• Participation in the tenders / market survey conducted by potential customers/ clients. • Maintain good relationship with the existing / potential customers. • Provide competitive pricing, quality services and product safety. • Seek potential regional partnerships and collaborations (if any).
Market Stability	A well-facilitated business, supported together with an effective and balanced regulatory framework that provides adequate levels of client's protection while facilitating business efficiency and innovation is imperative for the continued growth and development of our business.	Any event – such as breaches in regulation, lack of effective corporate governance (CG) practices – that undermines integrity or stability will influence stakeholders' confidence, and possibly participation in the market	• Fostering a strong CG and sustainability culture will also drive long-term value, both in the market and within Bursa Malaysia. • Having a robust approach to ensure the integrity and stability of the market serves to engender trust and confidence, which in turn encourages participation and growth	• Susceptible to global economic changes and business environment changes. • Quarterly updates of new ruling / standards by the company secretary to the Board of Directors. • Constant updates from the courses attended by the Directors and senior management of the changes in the current market and implementing new strategies to address the current market. • Obtain valuable advice from the industry experts, regulators and professionals to address market related challenges.

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)

Combining the views of stakeholders and Perdana's management from the preliminary materiality assessment, the materiality table has been set out below to show the different levels of importance of the sustainability matters. The below factors will be further enhanced in the coming years.

B: Significant Material Factors (E1-Economic, E2-Environment, E3-Social)

		Factors	Why Material	Managing Materiality	Initiatives
MATERIALITY	Very Important	Optimization/ Resources (E1,E2)	To help the company become efficient and effective	Taking the necessary measures to ensure all our staff and resources are being optimized.	• Productivity Monitoring • Training & Development for employees' work and self-development. • Upgrade of the company's technological platform and software to enhance the operations and productivity.
		Market Condition (E1)	Market condition affects all businesses in every industry.	Our business very much depending on the market condition where we conduct market study prior to engaging in any projects.	• Participation in the market surveys / tenders received • Meet up with the MASA / SOP Club on latest update of the market • Crisis Management Implementation, Business Continuity Plan, Leadership participation.
		Compliance (E2,E3)	Compliance with laws and regulations is one of our main requirements.	We provide adequate training and resources to ensure we meet compliance obligations.	• Quarterly / regular circulars & newsletters received from regulators and advisors • Meeting with the professionals for advisory • Standard Operating Procedures are endorsed & reviewed regularly
		Safety (E2)	Impact on safety of workforce and the primary emphasis is to avoid workplace injuries.	We support the ongoing training of operational teams to ensure understanding in recognising and improving as well as maintaining safe working conditions.	• Establishment of the Health, Safety and Environment Committee & policies to govern the function. • Compulsory safety briefing daily on board • Safety committee updates of changes imposed by the industry regulators
		Customer Satisfaction (E3)	It is important for us to benchmark ourselves and to collaborate closely with customers to achieve mutual success.	We conduct customer satisfaction surveys to obtain customer's feedbacks.	• Closing meeting after each completed contract. • Customer satisfaction surveys conducted during and after the contract.

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)

B: Significant Material Factors (E1-Economic, E2-Environment, E3-Social) (Cont'd)

		Factors	Why Material	Managing Materiality	Initiatives
MATERIALITY	Very Important	Corporate Governance (E1,E2,E3)	To ensure that the company protects the members, officers and management.	Governance is conducted according to various regulations and sub-committees. The board oversees the governance based on quarterly review of management reporting.	• Regular circulars & updates follow-up with the regulators and authorities • Establishment of policies and procedures to upkeep the corporate governance practice • Leadership role in CG
		Quality (E3)	It is part of our core business value to satisfy all of our customers.	By obtaining prompt stakeholder feedback to gauge our quality.	• Respond to the charterers' request / queries within reasonable timeframe • Employ & retain quality crews • Maintenance of vessels as per schedule • Maintain vessels' certificate validity • Sourcing quality products for vessels' wear and tear
		Reputation (E2,E3)	To get a more realistic picture of how the business is actually being perceived by others.	We take initiatives to enhance our reputation by providing balance reporting.	• Publishing of company's financial reporting timely to Bursa Malaysia • Prospect of business and improved financial results delivery • Timely disclosure of contract awarded to the Group • Maintain relationship with analysts
		Procurement (E1,E2)	It ensures the stable, sustainable procurement and supply of resources	We are always on the lookout for best quality and competitive pricing.	• Establishment of Procurement Committee to govern the procurement and tender process • At least 3 price quotations for comparison for purchases exceeding certain limit Maintain good relationship with all the suppliers & ensure being a prompt paymaster • Supplier & Vendor evaluation on yearly basis to upkeep the quality
		Customer Privacy (E1,E2,E3)	It is important to build customer trust and loyalty.	We take necessary measures to protect customer's privacy by having our staff trained on this matter.	• Compliance to Personal Data Protection Act (PDPA) • Enforcement on PDPA within the organisation and stakeholders • Handling and protecting of the sensitive personal information provided by customers in the course of everyday transactions.

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)

B: Significant Material Factors (E1-Economic, E2-Environment, E3-Social) (Cont'd)

		Factors	Why Material	Managing Materiality	Initiatives
MATERIALITY	Very Important	Business Model (E1)	Business model plays a vital role in challenging market condition of the market and business.	The management regularly reviews the business model and react to the updates.	• Top Management Meetings to synergies the operations to meet the business objectives • Obtain feedback from the Head of Departments
		Networking – Stakeholder (E1,E2,E3)	It is important to have new opportunities and positive influence.	Our nature of business requires networking with all parties in order to reconcile the process.	• Regular correspondence via telephone and mails • Regular meetings with the relevant stakeholders
	Important	Business Ethics/ Code (E1,E2,E3)	Maintaining business ethics is our core values.	We proactively promote and positively reinforce good behaviours to employees.	• Enforcement on Code of Conducts and Ethics • Whistle Blowing Policy • Perform business activities professionally
		Anti-Corruption (E1,E2,E3)	This reduces risks of economic imbalance and compliance with laws, international charters and conventions.	On-going monitoring, briefing and review of compliance throughout the Group is carried out to ensure that the company's policies and procedures as well as system of internal controls are being properly implemented.	• Appointment of consultant • Provide trainings • Department briefing by the HODs for all level • Establishment of the policy for adoption by 1 June 2020
		Local Environment Impact (E2)	It is important to safeguard the environment.	We monitor and review the environmental compliance strategy and performance.	• Update of local environment regulation and impact regularly • Compulsory compliances to maintain and minimise the air pollution, water pollution, acoustic pollution and oil pollution
		Business Mix (E1)	Diversification is part of our business model to stay sustainable.	We are always on the lookout for synergistic businesses which creates better value to our core business.	• Provide synergized services to the customers • Explore opportunity to charter outside Malaysia
		Political Stability (E1)	It has a wide impact on the economy.	We ensure compliance with all government regulations.	• Sensitive to political changes from time to time
		Climate Change (E1,E2)	Climate change would have a significant impact on business.	We managed this by creating a good project management team which looks into all the scenarios.	• Monsoon season operating mode which impose enhancement of safety and promoting safety
		Capital Injection – Funds (E1)	Business growth and expansion.	Lookout for potential partners, joint ventures and funding to expand our business.	• Fund raising exercise via the issuance of Redeemable Convertible Preference Share

SUSTAINABILITY REPORT
(CONTINUED)

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)

3. Stakeholders Engagement

Our interaction involves a large number of different stakeholder groups and such engagement is important to ensure we can identify, prioritize and address material matters to be adopted in our business strategies. The business and functional units are empowered to interact with their respective stakeholders on their chosen platforms. All issues raised by stakeholders are brought to the attention of the Management Committee through Management Meetings by the respective business and functional units. Ongoing engagements where applicable are carried out on a regular basis as they are integral to our business development, relationship with stakeholders and commitment to sustainability.

Our key stakeholders are outlined on the below table, along with the forms of engagement and key topics of interest that we seek to address.

Stake -Holder Group	Engagement Approach	Frequency	Engagement Focus & Objectives
Customers	1) For Health Safety & Environment ("HSE") Assurance Audit: • ESH Internal Audit in 2019 • Oil majors audit	Yearly Random request	For verification on HSE compliance & SOPs Quality management or assurance
	2) Quarterly Engagements With Petronas Carigali	Quarterly	To correspond with Operations & Safety issues.
	3) Quarterly Basis on HSSE Engagement & Logistic	Quarterly	Cascading of HSE Incident Information & Mitigation Plan.
	4) Launching of HSE Campaign by PCSB • Toward Achieving Generative HSE Culture Campaign in Mar 2019 • ZIZA Safety Campaign in Oct 2019		Sharing Session on HSSE Matters & Implementation
	5) Monthly Meeting / Ad-hoc Meeting: • Monthly Operational Meeting	Monthly	Correspond with Operations & Safety issues.
	6) Ad-hoc Meeting: • Solving of ad-hoc operational issues	As at when	Update & Mitigation Plan

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)

3. Stakeholders Engagement (Cont'd)

Stake -Holder Group	Engagement Approach	Frequency	Engagement Focus & Objectives
Employees	**1) Fleet Management:**		
	a) Top Management Visit : • Total 3 Management visit done	3 vessel per year	Sharing & bonding with the management & employee.
	b) Superintendent Ship Visit : • Total of 48 visit done by Operation/ Technical / HSE Superintendent	Once/Twice a year	Conditional vessel inspection
	c) Launching of Safety Campaign by HSE : • Workplace Safety Campaign • Monsoon Safety Campaign	Twice yearly	Cascading of HSE Incident lesson learnt & Mitigation Plan.
	d) Crewing : • Job level specific training programmes	As at when require	To meet the rules and regulations
	e) Accident rate monitoring	Daily	Safety awareness
	2) Office Management:		
	• Employee events such as annual dinner, festival season celebrations, durian gala and etc	Annually	Corporate direction and growth plan
	• Town hall session with the Group Managing Director	As at when require	Job Security
	• Whistleblowing policy • Management meetings with employees • Job level specific training programmes • Circular of internal policies of company updates	Implemented Throughout the year	Workplace health and safety Labour and human rights
Suppliers	1. Code of Ethics ongoing in line with company's policy	Daily	Pricing competitive and vendor performance on stock sourcing and delivery.
	2. Quotation comparison	Daily	
	3. Supplier Evaluations	As at when	
	4. Review of suppliers' profile	Twice Annually	

SUSTAINABILITY REPORT
(CONTINUED)

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)

3. Stakeholders Engagement (Cont'd)

Stake -Holder Group	Engagement Approach	Frequency	Engagement Focus & Objectives
Regulators	Compliant with Statutory Requirement of : • Malaysia Marine Department Classification Societies • Department of Occupational , Safety & Health (DOSH)/ Department of Environmental (DOE), etc • Oil Major – Petronas, Shell and etc • Bursa Malaysia Securities Berhad • Securities Commissioner • Bank Negara Malaysia • Companies Act 2016 • Labuan Financial Services Act • Others	Routine	Comply with all the requirements
Community	Participation / engagement with the • Malaysia Off Shore Vessel Association ("MOSVA") • Malaysia Off Shore Safety Task force ("MOST") • Malaysia Ship Owner Association ("MASA") • Malaysia Oil n Gas Service Council ("MOGSC")	Routine Engagement or on Quarterly Basis	Social requirements and specific feedback on programmes
Media	Timely Bursa announcements, analyst briefing, social media coverage	Quarterly and as at when required	New developments for public knowledge / promotion

4. Prioritization of Material Sustainability Matters

Perdana has undertaken a stakeholder prioritization and engagement process to engage with its stakeholders. These include ongoing efforts to engage with stakeholders in the normal course of business through the day-to-day operations, as well as specific engagements carried out to seek stakeholders' feedback. The outcome of these engagements is considered in the course of the Group's materiality assessment.

As part of the process in conducting the materiality assessment of sustainability matters, the Group has conducted a specific engagement process as follows:

- To determine the key stakeholders with whom the Group should engage, assessments are carried out to identify key stakeholders based on each stakeholder's influence and dependence to the Group;

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D)

4. Prioritization of Material Sustainability Matters

- To gain insights into these key stakeholders' concerns, interests and expectations, the Group conducted discussions including on-going sessions throughout the year to gauge stakeholders' concerns pertaining to the list of sustainability matters identified; and
- Where applicable, Perdana also took into feedbacks from other stakeholder groups, gathered through various channels and through the ongoing engagements during the course of conducting its business operation.

5. Process Review

The materiality process is undertaken as a key component of Perdana's journey towards identifying the material sustainability matters. The Executives Directors have reviewed and approved the processes and outcome of the Group's materiality by addressing and managing its material sustainability matters in its business operations.

ECONOMIC

Economic scenario remains as our core glitches based on the market condition of the global influence. The company has taken a great level of measures to identify the critical risk which influence the strategy of the company. By taking necessary steps with the senior management and with board input we foresee to mitigate the risk elements.

The following policies and procedures have been practiced and illustrated in the company website.

WHISTLE-BLOWER POLICY AND PROCEDURES

The Group aims to achieve high standard of transparency, integrity and accountability in the conduct of its business and operations. The Group views any misconduct or wrongdoing by its employees, management and directors very seriously to ensure their obligations are aligned to the Group's interests.

The Board encourages employees within the Group and parties working with the Group to report or disclose any improper conduct pertaining to the Group to the Whistle Blowing Committee. The policy also provides proper internal reporting, confidential and expeditious disclosure with protection to the whistle-blower.

CODE OF CONDUCT AND ETHICS

The Group is committed to conduct its businesses and operations with integrity, openness, accountability and also conduct its affairs in an ethical, responsible and transparent manner. The Group has a Code of Ethics and Conduct that sets out the standards and ethical conduct expected of all employees and Directors of the Group in the employee handbook and board charters respectively.

The Code of Ethics outlines commitment to ethical values through key requirements relating to conflict of interest, confidential information, insider information, protection of the Group's assets and compliance with the laws and regulations.

The Board commits itself to ethical, business-like and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

CORPORATE GOVERNANCE AND COMPLIANCE

Perdana is guided by the Malaysian Code on Corporate Governance and has been proactive in promoting good corporate governance to ensure all principles and best practices of good governance are applied throughout the Group. Details of our corporate governance framework and practices are elaborated in the Corporate Governance Overview Statement available in our website.

RISK MANAGEMENT FRAMEWORK

An integral part of good corporate governance, a comprehensive Risk Management Framework enables Perdana to proactively identify, communicate and manage risks and exposures in an integrated, systematic and consistent manner. In driving risk awareness, decision-making and business processes are put through prudent risk assessments. Fraud and corruption risk have been identified as one of the material risks to ensure our sustainability.

SUPPLY CHAIN

Sustainability in supply chain has been increasingly recognized as an important aspect in corporate responsibility. In making responsible sourcing decisions, Perdana has put in place appropriate approach to consider suppliers' EES credentials in the lifecycle of their supply chain.

The Group has in place a range of sustainable practices in relation to assessing its suppliers. For new suppliers, related criteria for assessment include suppliers' business practices, workplace relations, occupational health and safety, as well as their credibility. For existing suppliers, the Group plans to put in place survey distribution to selected suppliers to compile feedback on their commitment towards EES.

Perdana is cognizant that there is still much to improve on managing sustainability in the supply chain and will continue to collaborate with its suppliers and vendors to work towards enhanced sustainability practices with respect to EES matters.

COMMITMENT TO QUALITY

Perdana has in place its standard operating policies and procedures in line with the best practices guidelines to deliver quality services. Furthermore, regular reviews, process improvements and quality control assessments ensure that our processes remain in compliance with all regulations.

CUSTOMER SATISFACTION

Customer satisfaction and engagement was identified as one of the most important material issues in the marketplace dimension across all our divisions. Knowing exactly our customers' expectation will assist us in improving our bottom line and strengthening our reputation for the long term. We conduct half yearly customer satisfaction surveys and these feedbacks provide insights in customer expectations that enable us to develop and deliver better products and services.

PROCUREMENT PRACTICES

Suppliers and vendors are selected through selection and tender processes from time to time. Perdana has fomalised a standard operating procedures to support the procurement process in the Group emphasising on satisfactory quality of products and services with competitive pricing. The procurement department is responsible of all tendering processes and the selection of sub-contractors and suppliers are based on appropriate synergy of technical, financial, pricing and quality of service criterions.

BUSINESS CONDUCT

The combination of ethical business conduct and sound corporate governance are fundamental to the achievement of our objectives to expand our business and enhance stakeholders' value. It is the Group's policy to conduct business in a fair, honest and transparent manner.

SAFETY AND HEALTH

It is one of our key priorities to maintain a safe and healthy working environment for our employees. A strong health and safety culture would create work productivity that enhances the Group's operations and assures our customers a peace of mind. Our Safety and Health Policy are in compliance with the charterers' requirements. Our operations are governed by an internally established occupational safety, health and environmental management system, which is in compliance with the oil & gas industry's requirements. We also believe in providing a comfortable and conducive working environment for our employees.

The following policies and procedures are illustrated in the company's website.

- Board Charter
- Gender Diversity Policy
- Terms of Reference - Audit & Risk Management Committee
- Terms of Reference - Nomination Committee
- External Auditor Appointment and Independence Policy

ENVIRONMENTAL

Towards a Greater Planet

We are mindful of the environmental impacts of our activities and consistently ensure compliance with all the environmental regulations are met. Perdana continues to develop effective environment initiatives to protect the environment.

The industry we are in have extensive direct and indirect impacts on the environment and hence, aligning ourselves with the goals of sustainable development is crucial. Our emphasis is to grow the business without compromising the quality of the environment we live in.

Being in the industry, we ensure all our vessels are compliant with the statutory requirements related to Marine Pollutions Regulation (MARPOL 73/78). We have also strictly complied with the following:

- Regulations for the prevention of pollution by oil;
- Regulations for the control of pollution by noxious liquids substances;
- Regulations for the prevention of pollution by harmful substances carried by sea in packaged form;
- Regulations for the prevention of pollution by sewage from ship;
- Regulations for the prevention of pollution by garbage from vessel; and
- Regulations for the prevention of air pollution from ship.

CLEAN EMMISSION FROM OUR MARINE FLEET VESSELS

Emission from vessels and machineries is the key environmental issue in our industry. Perdana ensures that the quality of air is not compromised and continues to explore strategies to improve this aspect. As a whole, all the vessels and related equipment have undergone scheduled maintenance, testing and repair works on a periodic basis as per the MARPOL convention.

The MARPOL convention is the main international convention covering prevention of pollution of the marine environment by ships from operational or accidental causes. It is a combination of two treaties adopted in 1973 and 1978 respectively and updated by amendments throughout the years.

WATER MANAGEMENT & CONSUMPTION

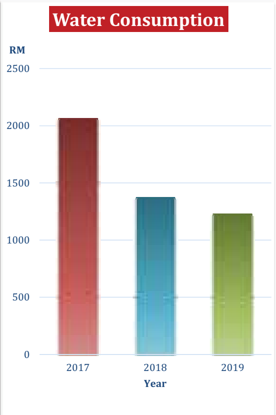
Water, being an essential resource for all lives on the planet and was once an abundant natural resource, is becoming a more valuable commodity due to droughts and wastage. Perdana encourages its employees to practice water usage optimization and water saving usage.

WATER MANAGEMENT & CONSUMPTION (CONT'D)

We promote water saving practices among employees and adopt water-efficient technologies and equipment wherever possible. The water consumed at our head office is obtained from the municipal water supply. We have taken small steps to control the water usage to be in line with the sustainability efforts, namely:

- Slow the flow. Adjusting water pressure/outflow for toilets, wash basins, pantry and throughout our head office building.
- Check leakages. Conducting checks and fixing leakages immediately, where possible.

The bar chart on the right represents Perdana's offices' water consumption from 2017 to 2019. We have successfully reduced the water consumption in 2019 as compared to the previous two years.



ENERGY MANAGEMENT

We understand that energy management is essential for combating climate change and the need for lowering an organisation's overall environmental footprint. Our electricity supply is from the local supply namely Tenaga Nasional Berhad and we aim to minimize the energy usage in all our offices.

With the growing concern of greenhouse gases ("GHG") and consumption of fossil fuels, the maritime industry's governing body, IMO has already taken positive steps by implementing Energy Efficiency Design Index ("EEDI") which monitors the amount of carbon dioxide and other greenhouse gas emissions from ships.

As the new concept of EEDI is introduced for newly built ships, IMO has developed or rather structured a special tool to measure and control GHG emission from existing shipping fleet known as Ship Energy Efficiency Management Plan ("SEEMP").

Key Features of Ship Energy Efficiency Management Plan ("SEEMP")

- Broader Corporate energy management policy
- Enhancement of ship efficiency
- Reduce in fuel consumption
- Decrease in GHG emission from ship

WASTE MANAGEMENT

We concede that the environment can be negatively impacted due to the lack of waste management. The Group's approach to waste management is to avoid unnecessary consumption and wastage of any natural resources, where possible and appropriate, in order to conserve natural resources. We have always looked at ways to reduce waste, so that less waste is generated which may be harmful to our planet. Generally, the Group practises the following on waste management:

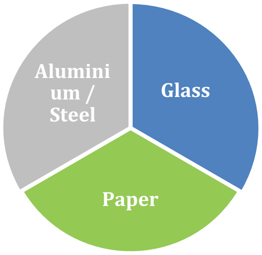
Paper Usage Management

The following practices are applied in paper usage management:

- Reduce – by emphasising on paperless and electronic mode for documentation. In addition, practice of double-sided printing or reducing the paper size demonstrates economic initiatives
- Reuse – reusing printed or used papers for other purposes
- Recycle – recycling of used papers in the recycling bins provided

WASTE MANAGEMENT (CONT'D)

Garbage Management Plan



The procedures for collecting, storing, processing, and disposing of garbage generated onboard ships adhere to the regulations provided in Annex V of MARPOL.

The pie chart on the right shows the types of garbage being disposed and bins are segregated based on the respective items.

Scheduled Waste Management & Discharge to Shore Management

Our vessels' crew are to ensure that all scheduled wastes (any discarded solid, liquid, gas or material that are no longer in use/ unwanted material) are stored and packed properly before being sent to shore for disposal in accordance with the MARPOL regulation.

The segregation in place determines the types of garbage/waste. All designated crew on board are guided by proper waste management procedures such as labelling, storing and managing bins of waste.

STORAGE AND COLLECTION OF RECYCLABLES

Perdana has also set out initiatives for storage and collection of wastages and recyclables. The objectives of such initiatives include:

- To provide dedicated area and storage for collection of non-hazardous material for recycling;
- To facilitate the reduction of scheduled waste generated that is hauled and disposed to licensed disposal companies; and
- To designate a dedicated area where on-site sorted waste materials can be stored in separate skids for collection facilities.

SOCIAL

The Importance of Community

The Group is committed to promote social responsibilities as an integral part of the Group's vision whilst pursuing business growth to enhance shareholders and stakeholders' value. Management recognises that for long term sustainability, its strategic orientation will need to cater beyond the financial parameters.

As we look back on 2019, we are proud that the values for safety, quality, integrity, diversity, innovation and sustainability have shaped our ongoing commitment to corporate social responsibility and have challenged us to improve our responsibilities as a corporate citizen, employer of choice, and a positive contributor to the economy.

A strong commitment to social responsibility programs can protect and enhance a company's brand. As the word gets out about a company's good works, it helps create positive working environment and attract desirable employees with a strong commitment to corporate social responsibility programs.

The Group manages to organise several activities to sustain its CSR responsibilities to the environment, employees and community.

OUR APPROACH

Perdana acknowledges that living in a community that shares similarities through culture, opinions or trends can be very important for the well-being of the stakeholders. Therefore, our initiatives in the community are centred on:

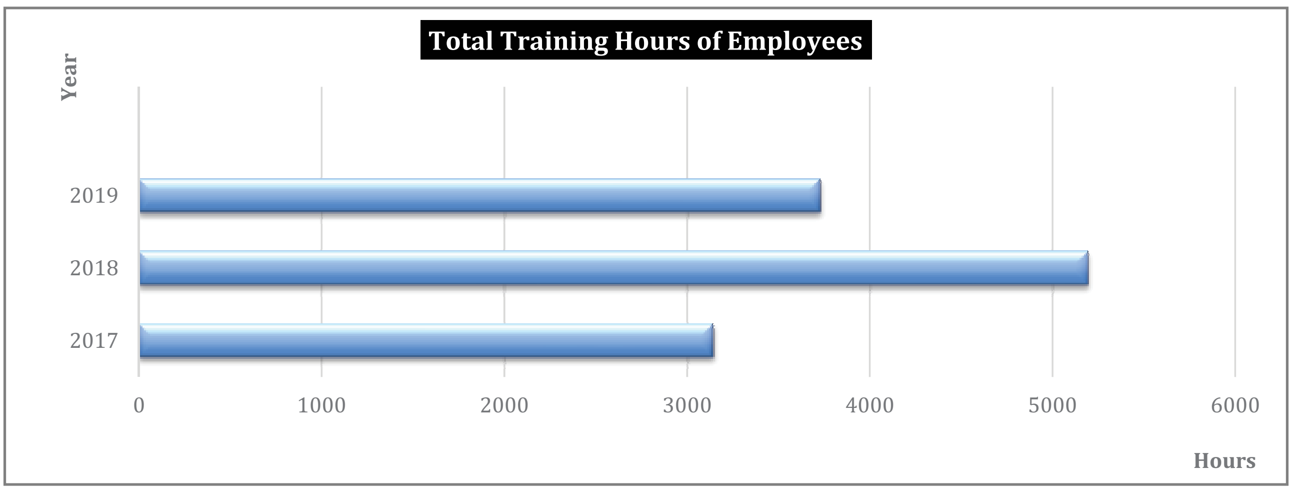
a. Workplace;
b. Human Rights;
c. Labour Rights for Employees;
d. Personal Data Protecting;
e. Women Empowerment at Management Level;
f. Community; and
g. Sports and recreational activities

a. Workplace

Perdana has been uncompromising in its Health, Safety and Environmental ("HSE") policy as this policy governs the entire workplace well-being. Throughout the Group, particularly at its main vessel operating subsidiaries, Intra Oil Services Berhad, HSE matters always top the list of operational priorities. As an experienced outfit in the offshore support vessels, we understand that HSE considerations are important to our industrial reputation and professional integrity. The followings are some of the policies that we have implemented to ensure a safe workplace for our employees and crew members:

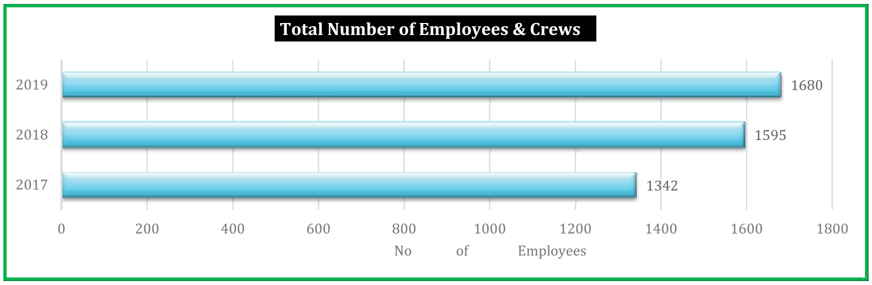
- Safety and Environment Protection Policy;
- Stop Work Policy; and
- Drug and Alcohol Policy

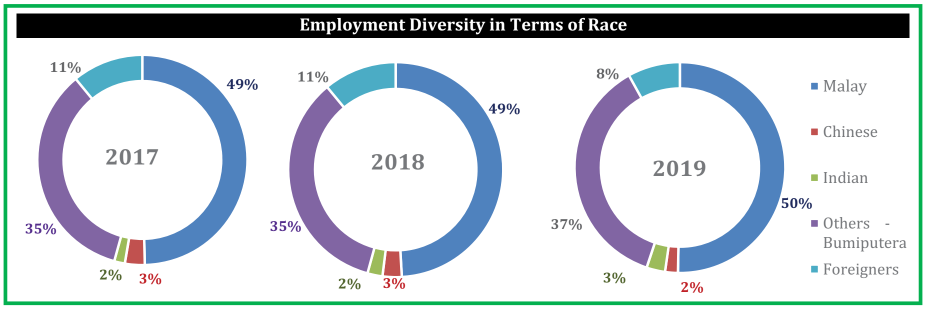
The Group also continuously provides its employees with skills development and trainings to enhance work productivity and self-enrichment. The bar chart below indicates the training hours of its employees from 2017 to 2019:



a. Workplace (Cont'd)

The charts below illustrate the total number of employees and racial diversity within the Group:





b. Human Rights

For Our Marine Crew – the Group complies with ILO Requirement on Marine Labour Convention 2006 (MLC 2006).

c. Labour Rights for Employees

The rights for employees are governed mainly (but not limited) to the below governing laws:

- Employment Act 1955
- Industrial Relation Act 1967
- Sarawak Labour Ordinance (Act A1237)
- Sabah Labour Ordinance (Act A1238/2005)
- Employees Social Security Act 1969 and Employee Provident Fund Act

d. Personal Data Protection

Perdana has complied with the Personal Data Protection Act 2010 – the PDPA 2010.

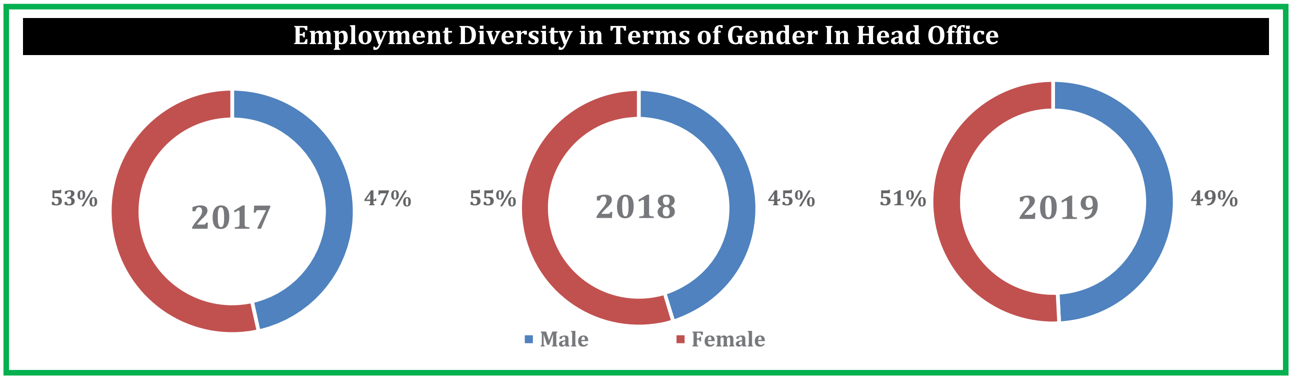
e. Women Empowerment at Management Level

In Perdana, we are aware that the challenges faced by women in the workplace are not generic. Women in management face unique organizational, societal, structural and cultural hurdles. As such, it is vital for the Group to identify talent and nurture the personal and professional development of women in the new business world. The composition of our top management is 3 out of 8 are women.

OUR APPROACH (CONT'D)

e. Women Empowerment at Management Level (Cont'd)

Perdana will continue to achieve a fully engaged, motivated, diverse workforce that includes women in management positions as it is fundamental to its success.



f. Community

Being sustainable encompasses an appreciation of the symbiotic relationship between ourselves and our communities. As such, playing an active role in engaging and giving back to our communities forms an integral part of the work that we do.

g. Sports and Recreational Activities

The Group encourages its employees to participate in sports and recreational activities in order to cultivate a good work-life balance culture. This would lead to a more productive workforce team and develop a caring, harmonious, cohesive and vibrant team-spirit based working environment. The following the initiatives were carried out during the year:

- Staff gathering in conjunction with festive seasons;
- Sponsorship of weekly after-work-sports such as badminton and futsal; and
- Sponsorship to staffs' participation for the charity marathon events in Klang Valley.

LOOKING AHEAD

We continuously improve the sustainability approach towards formalizing sustainability within our business and we recognize that we still have room for enhancement, both in terms of initiatives undertaken and our reporting structure. As we continue on our sustainability journey, our ultimate goal is to build a sustainable business for generations to come. To achieve this, we will keep abreast of new developments in our industry, actively and regularly engage our stakeholders, build upon our existing sustainability framework, and seek to further embed sustainable practices within our businesses so as to improve our overall sustainability performance.

Moving forward, we will enhance the materiality factors, metrics and targets to measure issues that are material to our business and move towards benchmarking our progress against international standards of reporting.

As we look to the future, it is our hope to strive for innovative and quality services to be provided to our customers, enrich our local communities, create values for our stakeholders, and be an organisation that people will be proud to associate with.

This Statement has been approved by the Board on 15 May 2020.

GRI Content Index

This Content Index provides an overview of the GRI Standard Disclosures made in this Sustainability Statement and throughout this Annual Report.

General Standard Disclosure		General Standard Disclosure	
Organisational Profile		**Stakeholder Engagement**	
Disclosure 102-1	Name of the organisation	Disclosure 102-40	List of Stakeholder groups
Disclosure 102-2	Activities, brands, products, and services	Disclosure 102-42	Identifying and selecting stakeholders
Disclosure 102-3	Location of headquarters	Disclosure 102-43	Approach to stakeholder engagement
Disclosure 102-4	Location of operations	Disclosure 102-44	Key topics and concerns raised
Disclosure 102-5	Ownership and legal form		
Disclosure 102-6	Markets served	**Reporting Practice**	
Disclosure 102-7	Scale of the organisation	Disclosure 102-45	Entities included in the consolidated financial statement
Disclosure 102-8	Information on employees and other workers	Disclosure 102-46	Defining report content and topic Boundaries
Disclosure 102-9	Supply chain	Disclosure 102-47	List of material topics
Disclosure 102-11	Precautionary Principle Approach	Disclosure 102-48	Restatements of information
Disclosure 102-12	External initiatives	Disclosure 102-49	Changes in reporting
Disclosure 102-13	Membership of associations	Disclosure 102-50	Reporting period
		Disclosure 102-51	Date of most recent report
Strategy		Disclosure 102-52	Reporting cycle
Disclosure 102-14	Statement from senior decision -maker	Disclosure 102-53	Contact point for questions regarding the report
Ethics and Integrity		Disclosure 102-54	Claims of reporting in accordance with the GRI Standards
Disclosure 102-16	Values, principles, standards, and norms of behavior		
Governance		Disclosure 102-55	GRI content index
Disclosure 102-18	Governance Structure		

SUSTAINABILITY REPORT
(CONTINUED)

General Standard Disclosure		General Standard Disclosure	
Topic-specific Standard : Economic		**Topic-specific Standard : Social**	
Disclosure 201	Management Approach	Disclosure 401	Management Approach: Employment
Disclosure 201-1	Direct Economic value generated and distributed	Disclosure 401-1	New Employees hired
Disclosure 202	Management Approach : Market Presence	Disclosure 403	Management Approach : Occupational Health and Safety
Disclosure 203	Management Approach : Indirect Economic Impacts	Disclosure 403-1	Workplace representation in formal joint management - worker health and safety committees
Disclosure 203 - 1	Infrastructure Investment and services supported	Disclosure 404	Management Approach : Training & Education
Disclosure 204	Management Approach: Procurement Practices	Disclosure 404-1	Average hours of training per year per employee
Disclosure 205	Management Approach : Anti Corruption	Disclosure 404-2	Programmes for upgrading employee skills and transition assistance programme
Disclosure 205-1	Operations assessed for risks related to corruption	Disclosure 405	Management Approach : Diversity
Disclosure 205-2	Communication and training about anti corruption policies and procedures	Disclosure 406	Management Approach : Non Discrimination
Topic-specific Standard : Environmental			
Disclosure 302	Management Approach : Energy	Disclosure 413	Management Approach : Local Communities
Disclosure 302-1	Energy Consumption within the organisation	Disclosure 413-1	Operations with local community engagement and development programmes
Disclosure 302-3	Energy Intensity	Disclosure 415	Management Approach : Public Policy
Disclosure 302-4	Reduction in energy consumption	Disclosure 418	Management Approach : Customer Privacy
Disclosure 303	Management Approach : Water	Disclosure 419	Management Approach : Socioeconomic Compliance
Disclosure 305	Management Approach : Emissions		
Disclosure 307	Management Approach : Environmental Compliance		
Disclosure 307-1	Non-Compliance with environmental laws & regulations		

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The Board of Directors of Perdana Petroleum Berhad (the “Company” or “Perdana”) firmly believes that good corporate governance is the key to the improved long-term performance of the Group and that a sound governance structure is fundamental to safeguard the interests of all its stakeholders.

In this Statement, the respective Boards Committees’ report on the manner in which Perdana has adopted and applied the principles and practices as set out in the malaysian Code on Corporate Governance (“MCCG”) and the governance standards prescribed in the Main Market Listing Requirements (“MMLR”) issued by Bursa Malaysia Securities Berhad (“Bursa Securities”) in connection with all activities conducted by Perdana throughout the year under review.

The Board is of the opinion that Perdana has, in all material aspects, complied with the principles and practices set out in the MCCG. The detailed application by Perdana for each practice as set out in the MCCG during the financial year ended 31 December 2019 (“FY 2019”) is disclosed in the Corporate Governance Report (“CG Report”) which is available on Perdana’s website at www.perdana.my.

The key participants in good governance and the ways in which they relate to each other and contribute to the application of the effective governance policies and processes are established in the governance documents comprising the Constitution, Board Charter, Terms of Reference of Board Committees, and Enterprise Risk Management Framework.

THE BOARD OF DIRECTORS (THE “BOARD”)

Board Charter

The Board’s main duties include regular oversight of the Group’s business operations and financial performance and ensuring that the infrastructure, internal controls, and risk management processes are firmly in place to assess and manage business risks, inter-alia, operational, credit, market and liquidity risks. The Board has formalised these duties into a Board Charter and have a Code of Conduct to ensure the implementation of appropriate internal systems to support, promote and ensure its compliance. A whistleblowing policy was also adopted as part of the Company’s commitment to the highest standards of professional integrity, ethical behavior, transparency and fair dealing in the conduct of its business. The Directors discharge their duties as effective Board members with personal dedication of time and ability to bring new and different perspectives to the Board. The Board Charter, which clearly sets out the roles and responsibilities of the Board, its Committees (“Board Committees”), Chairman and Executive Director, is available on the corporate website of the Company for easy access.

Size and Composition

The Board currently comprises ten (10) members of whom three (3) are Executive Directors, including the Executive Chairman, and seven (7) are Non-Executive Directors which include one (1) is an alternate Non-Executive Director.

Four (4) of the Non-Executive Directors are independent and meets the Independent Director criteria as set out in the Bursa Securities MMLR. The Board is consistently identifying candidates to filling up the composition required.

The Board has assessed and found that the Independent Non-Executive Directors are independent of Management and free from any business or other relationship with the Group which could materially affect the exercise of their independent judgment. The Independent Non-Executive Directors facilitate the Board to exercise objective judgment independently in particular from the Management. The Board is satisfied with the level of independence demonstrated by the Directors throughout the year and their ability to act in the best interest of Perdana Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

THE BOARD OF DIRECTORS (THE "BOARD") (CONT'D)

Size and Composition (Cont'd)

Practice 4.2 of the MCCG states that the tenure of an Independent Director should not exceed a cumulative term of 9 years. However, an Independent Director may continue to serve the Board subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as independent after a cumulative term of 9 years, justifications from the Board and shareholders' approval at a general meeting are required. An Independent Director who continues to serve the Boards after the 12th year of appointment will now require shareholders' approval at a general meeting through a 2-tier voting process as prescribed under the MCCG.

The Board stands guided by the principles and practices of the MCCG in adhering to the best corporate governance practices.

Currently, none of the Independent Directors of Perdana Board has served more than 9 years.

The current composition is well balanced and caters effectively to the scope and complexity of the Group's operations as a leading and preferred offshore marine operator for the upstream oil and gas industry in the region.

One of the recommendations of MCCG is to have at least half of the Board comprise independent directors. The Board is consistently identifying candidates to comply with the recommendation.

The Board viewed that with the existing Board structure of having four (4) Independent Non-Executive Directors out of ten (10) Board members is sufficient to provide the necessary checks and balances on the decision-making process of the Board in the meantime. The Independent Directors provide independent and objective judgement as well as impartial opinion on Board deliberations and decision making and significant contributions of the Independent Directors is evidenced on their participation as members of the committees of the Board.

The Company has on 23 August 2018 adopted a gender diversity policy for both the Board and its Senior Management and the same is available on the Company's website. The Diversity Policy recognises the inclusion of different perspectives and ideas, mitigates against group think and ensures that the PPB Group has the opportunity to benefit from all available talent. The promotion of a diverse Board makes prudent business sense and makes for better corporate governance. Although for the FY2019, the Board only has male directors, there is diversity in terms gender, ethnicity and age at the Senior Management level as follows:

Diversity in:				
		%		**%**
GENDER	MALE	71	FEMALE	29
RACE/ETHNICITY	MALAY	43	INDIAN & CHINESE	57
NATIONALITY	MALAYSIAN	100	NON-MALAYSIAN	0
AGE GROUP	30 TO 50 YEARS	43	ABOVE 50 YEARS	57

The age of the Directors ranges from 43 to 74 as the Board believes that this creates an environment where each generation brings different skills, experience and talents to the Board. As the Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage, the Company has on 15 May 2020 appointed Puan Siti Nur Binti Mokhtar to the Board.

THE BOARD OF DIRECTORS (THE “BOARD”) (CONT’D)

Board Meetings and Supply of Information (Cont’d)

The Board meets regularly, at least once every quarter to review the business and financial performance of the Group.

Members of the Board deliberate and in the process evaluate the potential risks and viability of business propositions and corporate proposals that have significant impact on the Group’s business or on its financial position.

The Chairman of the Board Committees will inform the Directors at Board meetings, matters and recommendations which the Board Committees’ view ought to be highlighted to the Board.

Board meetings are governed by a structured formal agenda and the agenda for each Board meeting and papers relating to the agenda items are forwarded to all Directors for their perusal one (1) week in advance of the date of the Board meeting. Board meeting papers are circulated to Directors include details of business propositions and corporate proposals including where relevant, supporting documents such as professional advice from solicitors or advisers. The Directors are thus able to peruse the Board papers and appraise the issues to be deliberated at the Board meeting well before the date of the meeting.

The Board has direct access to the Senior Management and has complete and unimpeded access to information relating to the Company in the discharge of their duties. The Directors may require to be provided with further details or clarifications on matters tabled at Board meetings. Senior Management Officers are invited to attend the Board meetings to update the Board on their respective portfolios and to brief the Directors on proposals submitted for the Board’s consideration. Professional advisers, accountants and solicitors appointed by the Company to advise on corporate proposals to be undertaken by the Company would be invited to attend Board meetings to render their advice and opinion, and also to clarify any issues raised by the Directors relating to the corporate proposals tabled for the Board’s consideration. The Directors have the liberty to seek external professional advice at the Company’s expense, if they so require.

The Directors are also regularly updated and advised by the Company Secretary on new statutory and regulatory requirements relating to the discharge of their duties and responsibilities, including amendments to the MMLR by Bursa Securities. Every member of the Board has ready and unrestricted access to the advice and services of the Company Secretary. The Company Secretary attends all Board and other Board Committees’ meetings and ensures that accurate and proper records of the proceedings of Board and Board Committees’ meetings, and their resolutions passed are kept.

The Board is satisfied with the time commitment provided by the Directors in ensuring effective discharge of their duties and responsibilities as reflected by the high number of Board meetings held during the FY2019.

During the FY2019, the Board met seven (7) times and the attendance records of the present and past Board members are as follows:-

Name of Directors	Attendance
Datuk Ling Suk Kiong	7/7
Mr Bailey Kho Chung Siang	7/7
Datuk Dr Abd Hapiz bin Abdullah	5/7
Datuk Mohd Jafni bin Mohd Alias	7/7
Ms Emily Hii San San (appointed on 02.01.2020)	N/A
Mr Chin Chee Kong	6/7
Dato’ Gerald Hans Isaac	6/7
En Alias bin Mat Lazin	6/7
Datuk Hasmi bin Hasnan	4/7
Datuk Selva Kumar A/L Mookiah (retired on 21.05.2019)	1/7
Siti Nur Binti Mokhtar (appointed on 15.05.2020)	N/A

THE BOARD OF DIRECTORS (THE "BOARD") (CONT'D)

Directors' Training and Education (Cont'd)

The Group acknowledges that continuous education is vital for the Board members to gain insight into the state of economy, technological advances and regulatory updates. The Directors are encouraged to attend continuous education programmes to further enhance their skills and knowledge, where relevant. All Directors have completed the Mandatory Accreditation Programme pursuant to the MMLR of Bursa Securities and have been briefed by the Management on the operations and policies of the Company to familiarise themselves with the Company's business.

During the FY2019, the Directors have individually or collectively attended the following courses / seminars set out below:

- SSM National Conference 2019 with the theme "Future – Proofing Business In The Digital Age"
- Session on Corporate Governance & Anti-Corruption
- Confidence, Optimism, Determination, & Enthusiasm Presentation to the Management
- How Ready Is Your Company To Safeguard Your Directors, Top Management and Personnel Against A Corruption Prosecution?
- Sustainability Inspired Innovations: Enablers of the 21st Century
- Naim's Corporate Retreat
- Managing Business Re-organisation Effectively
- Shifting Tides: Future of Finance, a Finance Industry Conference
- (A) Anti-Money Laundering & Counter Financing of Terrorism Regime Training
- (B) Briefing on BNM's Policy Document on Credit Risk
- Trade Based Money Laundering Training
- (A) MFRS Updates 2019/2020 Seminar
- (B) Tax and Business Seminar
- Fraud Risk Management
- Corporate Liability Provision on Corruption under MACC Act 2009

Appointment of Board Members

The proposed appointment of a new member of the Board other than those nominated by shareholders for appointment at the Annual General Meeting and the proposed re-election of existing Directors who are seeking re-appointment or re-election at the Annual General Meeting of the Company will be reviewed and assessed by the Nomination Committee. The Nomination Committee will, upon its review and assessment, submit its recommendation on the proposed appointment or re-election of Directors to the Board for approval.

The Board is entitled to the services of the Company Secretary who would ensure that all appointments are properly made upon obtaining all necessary information from the Directors. All the assessments and evaluations carried out during the year were properly documented and minuted by the Company Secretary

Directors' Remuneration and Term of Reference of Remuneration Committee

The Remuneration Committee carries out the review of the overall remuneration policy for Executive Directors whereupon recommendations are submitted to the Board for approval. The Remuneration Committee and the Board ensure that the Company's remuneration policy remains supportive of the Company's corporate objectives and is aligned with the interest of shareholders, and further that the remuneration packages of Executive Directors are sufficiently attractive to draw in and to retain persons of high caliber.

THE BOARD OF DIRECTORS (THE “BOARD”) (CONT’D)

Directors’ Remuneration and Term of Reference of Remuneration Committee (Cont’d)

The Board as a whole determines the remuneration of Non-Executive Directors, and each individual Director abstains from the Board decision on his own remuneration. The Non-Executive Directors are paid annual fees and attendance allowance for each Board meeting that they attend.

The Remuneration Committee comprise only of Non-Executive Directors, a majority of whom are Independent Non-Executive Directors

The responsibilities of the Remuneration Committee are as follows:

a. To recommend to the Board the framework of Executive Directors’ remuneration and the remuneration package for each Executive Director, drawing from outside advice as necessary;

b. To recommend to the Board any performance related pay schemes for Executive Directors;

c. To review Executive Directors’ scope of service contracts; and

d. To consider the procurement of the service of such advisers or consultants as it deems necessary to fulfill its functions.

Meetings of the Remuneration Committee are held as and when necessary.

Re-appointment and Re-election of Director

The Constitution of the Company provide that at every Annual General Meeting, one-third of Directors for the time being and those appointed during the financial year shall retire from office and shall be eligible for re-election. The Constitution further provide that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

Board Committees

The Board has established Board Committees to assist the Board in the running of the Company. The functions and terms of reference of Board Committees as well as the authority delegated by the Board to these Committees are clearly defined by the Board.

The Board Committees are as follows:

- Audit and Risk Management Committee
- Nomination Committee
- Remuneration Committee

THE BOARD OF DIRECTORS (CONT'D)

Board Committees (Cont'd)

The composition of the current Board Committees is reflected as follows:

	Audit and Risk Management Committee	Nomination Committee	Remuneration Committee
Datuk Dr Abd Hapiz bin Abdullah	Chairman	Member	Member
Mr. Chin Chee Kong	Member	Member	Chairman
Datuk Mohd Jafni bin Mohd Alias	Member	Chairman	Member
Datuk Selva Kumar A/L Mookiah (retired on 21.05.2019)	Member	Member	Member
Siti Nur Binti Mokhtar (appointed on 15.05.2020)	Member	–	Member

Directors' Remuneration

The Remuneration Committee has been delegated the responsibility to review and recommend to the Board the remuneration packages and other terms of employment for the Executive Directors.

The details of the remuneration of the Directors of the Company for the FY2019 are as follows:

Group	Fees (RM'000)	Allowances (RM'000)	Meeting Allowances (RM'000)	Salaries (RM'000)	Total (RM'000)
Datuk Ling Suk Kiong	–	148	–	–	148
Bailey Kho Chung Siang	–	108	–	229	337
Alias bin Mat Lazin	–	121	–	–	121
Datuk Dr Abd Hapiz bin Abdullah	72	–	8	–	80
Datuk Mohd Jafni bin Mohd Alias	72	–	9	–	81
Chin Chee Kong	72	–	9	–	81
Dato' Gerald Hans Isaac	72	–	3	–	75
Datuk Hasmi bin Hasnan	72	–	2	–	74
Datuk Selva Kumar A/L Mookiah (retired on 21.05.2019)	28	–	5	–	33
Emily Hii San San (appointed on 02.01.2020)	–	–	–	–	–
Siti Nur Binti Mokhtar (appointed on 15.05.2020)	–	–	–	–	–

There is no bonus or benefit-in-kind declared for any of the Directors.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is committed to provide a balanced, clear and meaningful assessment of the financial performance and prospects of the Group in all the disclosures made to the stakeholders and the regulatory authorities.

The Board is assisted by the Audit and Risk Management Committee to oversee the financial reporting processes and the quality of the financial reporting of the Group. The Audit and Risk Management Committee reviews and monitors the integrity of the Group's annual and interim financial statements. It also reviews the appropriateness of the Group's accounting policies and the changes to these policies.

The Statement of Responsibility by Directors in respect of the preparation of the annual audited financial statements of the Group is set out below.

Internal Control

The Board has overall responsibility for maintaining a system of internal controls that provides reasonable assurance of effective and efficient operations, and compliance with laws and regulations, as well as with internal procedures and guidelines. The Group's Internal Audit Function is outsourced to an independent professional firm ("Outsourced Internal Auditor").

The size and complexity of the operations of the Group involves the acceptance and management of a wide variety of risks. The nature of these risks means that events may occur and which would give rise to unanticipated or unavoidable losses. The Group's system of internal controls is designed to provide reasonable and not absolute assurance against the risk of material errors, fraud or losses occurring. The Management meets regularly to ensure that the accountability for managing the significant risks confronting the Group are being satisfactorily addressed on an ongoing basis.

The effectiveness of the system of internal controls of the Group is reviewed by the Audit and Risk Management Committee during its quarterly meetings. The review covers the financial, operational and compliance controls as well as the risk management functions. The Outsourced Internal Auditor also reviews compliance with policies and standards and the effectiveness of internal control systems across the Group's different business cycles based on the approved internal audit plan.

The Statement on Risk Management and Internal Control, which provides an overview of the state of internal controls within the Group, is set out in this Annual Report.

Audit and Risk Management Committee

In addition to the duties and responsibilities set out under its terms of reference, the Audit and Risk Management Committee also acts as a forum for discussion of internal control and risk management issues and it contributes to the Board's review of the effectiveness of the internal control and risk management systems of the Group.

The minutes of the Audit and Risk Management Committee meetings are tabled to the Board for noting and for action by the Board where appropriate.

The activities carried out by the Audit and Risk Management Committee during the year are set out under the Audit and Risk Management Committee Report in this Annual Report.

ACCOUNTABILITY AND AUDIT (CONT'D)

Relationship with External Auditors

It is the policy of the Audit and Risk Management Committee to meet with the external auditors at least twice a year to discuss their audit plan, audit findings and the Group's financial statements. Besides, the Audit and Risk Management Committee is accessible to the external auditors without the presence of the Management and Executive Director to discuss key auditing concerns and obtain feedback relating to the Company's affairs. The Audit and Risk Management Committee also meets with the external auditors whenever it deems necessary.

The services provided by the external auditors include statutory audits, and non-audit services. Terms of engagement for these services are reviewed by the Audit and Risk Management Committee and approved by the Board. The Audit and Risk Management Committee approves all other non-audit services on a case by case basis. In approving such cases, the Audit and Risk Management Committee reviews the independence and objectivity of the external auditors to ensure that these will not be compromised.

Effective Communications with Shareholders

A key element of good corporate governance is being transparent and accountable to all stakeholders. Underlying the transparency and accountability objectives is the provision of clear, relevant and comprehensive information which is timely and readily accessible to all stakeholders.

Taking cognizance of this, the Group maintains a high level of disclosure to and communication with its stakeholders with the provision of clear, comprehensive and timely information, particularly to shareholders and investors, for informed investment decision making, through a number of readily accessible channels.

The quarterly financial results announcements and annual report of the Company are a key channel of communication with shareholders and investors.

An important forum for communication and dialogue with shareholders is the general meetings of the Company where shareholders are given both the opportunity and the time to raise questions on the agenda items of the general meetings and where Directors of the Company would provide the answers and appropriate clarification where required.

The Company conducts separate media and analyst briefing with the release of its quarterly and annual results announcements when deemed necessary. The media briefings are intended not only to facilitate a wider dissemination of the announcement of the financial results of the Group to as wide an audience of investors and shareholders as possible but also to keep the investing public and shareholders updated on the progress and development of the business of the Group as well as any strategic developments within the Group.

To promote wider dissemination of corporate and financial information that is made public, the annual reports of the Company, the quarterly announcements of the financial results of the Group, announcements and disclosures made pursuant to the disclosure requirements of the Bursa Securities MMLR are available on Bursa Securities's website at www.bursamalaysia.com and other corporate information are also made available on the Company's website, www.perdana.my.

Prompt and timely availability of information is also important for shareholders and investors to make informed investments decisions. Information that is out of date, albeit comprehensive and accurate, would be of less value to shareholders and investors. As such, the Group places a high priority on ensuring that information is made available and disseminated as early as possible.

ACCOUNTABILITY AND AUDIT (CONT'D)

Investor Relations

Another important channel of communication with shareholders, investors and the investment community generally, both in Malaysia and internationally, is the Group's investor relations activities. The Group has a strong following amongst domestic and international institutional investors, fund managers and equity analysts, and a direct channel to them exists in the investor relations function of the Group. Management personnel responsible for the Group's investor relations function are of very senior levels, thereby providing views and information on the Group that is appropriate and substantive to investors and research analysts.

RESPONSIBILITY STATEMENT
BY THE BOARD OF DIRECTORS

The Directors are required by the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("the Act") to prepare financial statements in accordance with approved accounting standards so as to give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year, and of the results and cash flows of the Company and the Group for the financial year.

The Directors are responsible for ensuring that the Company and its subsidiaries maintain proper accounting records which disclose with reasonable accuracy the financial positions of the Company and the Group in compliance with the provisions of the Act and approved accounting standards in Malaysia.

In preparing the financial statements for the financial year ended 31 December 2019, the Directors have applied appropriate and relevant accounting policies consistently and in accordance with applicable accounting standards and made judgements and estimates that are reasonable and fair.

The financial statements are prepared on a going concern basis and the Directors have ensured that proper accounting records are kept which enable the preparation of the financial statements with reasonable accuracy.

In addition, the Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE **INFORMATION**

Utilisation of Proceeds Raised From Corporate Proposal

a) Proposed Rights Issue of Redeemable Convertible Preference Shares

On 8 January 2020, 1,463,629,199 units Redeemable Convertible Preference Shares ("RCPS") were issued under the Rights Issue of RCPS at an issue price of RM0.325 per RCPS. The Rights Issue of RCPS raised proceeds of RM475,679,490. As at date hereof the proceed have been fully utilised.

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation
Set-off Arrangement	306,011	306,011	Immediately
Partial repayment of advances owing to Dayang	148,989	148,989	Immediately
Working capital	19,179	19,179	Within 12 months
Estimated expenses for the Proposal	1,500	1,500	Immediately
	475,679	475,679	

b) Conversion of RCPS

As of 30 April 2020, a total of 1,430,121,478 RCPS which represents 97.7% of the total RCPS subscribed, have been converted into ordinary shares of the Company. As such, the Company's total issued ordinary share capital has increased to 2,208,592,427 units.

Audit and Non-Audit Fees

The audit and non-audit fee paid to the external auditors, KPMG PLT and/or its affiliates for services rendered to the Group and the Company for the financial year ended 31 December 2019 is as follows:

	Group (RM'000)	Company (RM'000)
Audit Fee	230	62
Non-Audit Fees:		
Tax Fee	54	20
Other Fees	10	10
Total	**294**	**92**

ADDITIONAL COMPLIANCE INFORMATION
(CONTINUED)

Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving the Directors' and/or major shareholders' interest for the financial year ended 31 December 2019 other than the related party transaction with Dayang Enterprise Sdn Bhd for the chartering of vessels which has been disclosed in Note 28 of the audited financial statement for financial year ended 31 December 2019.

Variation in Results

There was no material variances between the audited results for the financial year ended 31 December 2019 and the unaudited results previously announced.

AUDIT AND RISK MANAGEMENT **COMMITTEE REPORT**

Members

The current members of the Audit and Risk Management Committee are as follows:

Datuk Dr Abd Hapiz Bin Abdullah	Chairman (Independent Non-Executive Director)
Datuk Mohd Jafni Bin Mohd Alias	Member (Independent Non-Executive Director)
Chin Chee Kong	Member (Non-Independent Non-Executive Director)
Datuk Selva Kumar A/L Mookiah (Retired on 21.05.2019)	Member (Non-Independent Non-Executive Director)
Siti Nur Binti Mokhtar (Appointed on 15.05.2020)	Member (Non-Independent Non-Executive Director)

Responsibilities

The Audit and Risk Management Committee is responsible for the following:

- To examine the manner in which Management ensures and monitors the adequacy of the nature extent and effectiveness of accounting and internal control systems;
- To examine and review the adequacy and effectiveness of management and operations;
- To review the statutory accounts and other published financial statements and information;
- To monitor relationships with external auditors, to ensure that there are no restrictions on the scope of the statutory audit; to make recommendations on the auditors' appointment, remuneration and dismissal; and to review the activities, findings, conclusions and recommendations of the external auditors;
- To review arrangements established by Management for compliance with regulatory and financial reporting requirements;
- To approve the appointment or termination of the Internal Auditor who shall report directly to the Committee and have a right of direct access to the Chair of the Committee at all times; to review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work; to receive and review reports from the Internal Auditor; and on occasion to commission audit engagements to be conducted on the Committee's behalf; and
- To perform any other duties as required by Bursa Malaysia Securities Berhad or any other regulatory bodies.

The purview of the Audit and Risk Management Committee extends to all the operations within the Company and the Group.

Meetings held during the financial year 2019

The Audit and Risk Management Committee held eight (8) meetings during the financial year under review with the following attendance record:

Audit and Risk Management Committee Members	Attendance
Datuk Dr Abd Hapiz Bin Abdullah	8/8
Datuk Mohd Jafni Bin Mohd Alias	8/8
Chin Chee Kong	7/8
Datuk Selva Kumar A/L Mookiah (retired on 21.05.2019)	5/5
Siti Nur Binti Mokhtar (appointed on 15.05.2020)	n/a

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONTINUED)

Summary of Activities during financial year ended 31 December 2019

The Audit and Risk Management Committee activities during the financial year ended 31 December 2019 ("FY 2019") encompassed the following:

- Reviewed the quarterly financial statements of FY 2019 and the annual audited financial statements for FY 2018, before recommending the same for the Board's approval;
- Deliberation on the external auditors' report on the observations made in the course of the audit;
- Approved the 2019 Internal Audit Plan and received the Outsourced Internal Auditor's presentation of the Group's internal audit reports on the status and progress of its internal audit assignments including the summary of audit reports issued, audit recommendations and Management's response to the recommendations;
- Reviewed the Statement on Risk Management and Internal Control as well as the Audit and Risk Management Committee Report and recommended them for inclusion in the Annual Report;
- Reviewed the Internal Audit Report issued by the Internal Auditors; of the main operating subsidiary;
- Reviewed the Internal Audit follow-up reports issued by the Internal Auditors to ensure key findings raised in the report are addressed accordingly;
- Reviewed the Recurrent Related Party Transactions ("RRPT") procedure and the Audit and Risk Management Committee Statement and thereafter recommended the same for inclusion in the draft Circular to Shareholders for the renewal of the Shareholders' Mandate for RRPT;
- Evaluated the External Auditors' independence, objectivity and terms of engagement and recommended the re-appointment or changes of Auditors as well as the payment of proposed audit fees;
- Reviewed the External Auditors' Audit Planning Memorandum comprising their scope of work for the statutory audit for FY 2019;
- Reviewed the Budget and cash flow projections to ensure the Group is able to meet the daily operation as well as the financing repayments and borrowing covenants;
- Discussed and monitored material litigations taken by and against the Group; and
- Reviewed and recommended the corporate exercises undertaken by the Group which includes the Group's debts restructuring, fund raising via the Rights Issue of Redeemable Convertible Preference Shares and provision of financial assistance ro related party.

During the financial year, the Audit and Risk Management Committee met with the external auditors twice without the presence of the Management and Executive Directors to discuss key auditing concerns and obtain feedback relating to the Company's affairs. Nothing has come to the attention of the Audit and Risk Management Committee that causes them to believe that the financial reporting is inconsistent with the accounting standards and other legal requirements.

Internal Audit Function

The Group's internal audit function is outsourced to an independent professional firm ("Outsourced Internal Auditor"). The Board obtains sufficient assurance of the effectiveness of risk management, internal control and governance processes in the Group, through regular reviews and appraisals conducted by the Outsourced Internal Auditor, which reports directly to the Audit and Risk Management Committee. The Audit and Risk Management Committee determines the adequacy of the scope, function and resources of the internal audit function as well as the competency of the Outsourced Internal Auditor.

In its endeavour to provide reasonable assurance on the state of internal control in the Group, the Outsourced Internal Auditor carried out its reviews based on the 2019 Internal Audit Plan which was developed using a risk-based approach and approved by the Audit and Risk Management Committee.

The Internal Audit Reports were issued to the relevant Management at the conclusion of every audit engagement and reviewed by the Audit and Risk Management Committee. Audit findings that required corrective actions were highlighted to the Audit and Risk Management Committee and the relevant Management. The relevant Management were made responsible to implement corrective actions for the reported weaknesses within the required timeframe. In addition, the Outsourced Internal Auditor would conduct required follow up audits to ensure that the corrective actions were implemented by the relevant Management.

The following audits were carried out during the FY 2019 and reported by the Outsourced Internal Auditor:

- Recurrent related party transactions of the Group;
- Technical Management;
- Crewing Management;
- Environmental, Health and Safety Management;
- Human Capital Management;
- IT General Controls and Management;

Based on the audit conducted within the agreed scope of work, the internal auditors opined that the overall internal control system was satisfactory.

For FY 2019, an amount of RM72,691 was incurred by the Group for internal audit activities carried out by the Outsourced Internal Auditor.

External Audit Function

Besides performing the planned statutory audit, the external auditors also provided non-audit services where such engagements do not impair the independence or objectivity of the external auditors.

Based on the external auditors' report prepared, in accordance with applicable Approved Standards on Auditing in Malaysia, the financial statements for FY 2019 were drawn up to give a true and fair view of the financial position and financial performance of the Group in accordance with the applicable approved accounting standards and the requirements of Companies Act 2016 in Malaysia. The performance of the external audit function has been reviewed and assessed based on agreed performance criteria as set out in the External Auditors' Audit Planning Memorandum, timelines and adequacy of resources to achieve the agreed scope of the external audit. The Audit and Risk Management Committee recommends their reappointment for financial year ending 31 December 2020.

STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**

INTRODUCTION

This statement is in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on the Group's compliance with the Principles and Best Practices relating to risk management and internal control system of the Group as stipulated in the Malaysian Code on Corporate Governance 2017.

BOARD'S RESPONSIBILITY

The Board of Directors ("the Board") acknowledges its overall responsibility for the Group's risk management and internal control system, including reviewing the adequacy and effectiveness of the system and its alignment with business objectives.

The Audit and Risk Management Committee of the Board were tasked by the Board with the responsibility to ensure the establishment of appropriate framework and controls as well as reviewing the functional system of the Group would provide reasonable assurance in ensuring the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations of the Group throughout the financial year under review and regularly appraised by the Board.

The Board recognised that the system is designed to manage the Group's risk within an acceptable risk profile, rather than eliminate the risk of failure to achieve Group's policies and business objectives. Therefore, the internal controls implemented can only provide reasonable but not absolute assurance against the occurrence of any material misstatement, losses or fraud. This process has been in place for the year under review and up to the date of approval of this statement.

FRAMEWORK OF THE SYSTEM ON RISK MANAGEMENT

The Audit and Risk Management Committee with its own Terms of Reference ("TOR") was established in line with good practice, to enable the Board to closely monitor areas of risk exposure. There is ongoing risk management process to identify, evaluate, and manage significant risks that may affect the achievement of the Group's business objectives.

The said process is regularly reviewed by the Board and accords with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers.

The Group is currently in the process of refining the Risk Management Framework to match with the Group's risk appetite to capture and prioritise key risk profiles, delegate ownership of risks, setting timelines to management control and action plans that provides continuous monitoring and reporting of risks to embed best practices into the Company's risk culture.

The Board, working together with the management, has taken necessary actions to remedy any significant weaknesses identified and continues to take measures to further enhance and strengthen the Group's risk management and internal control system as one of the means to achieve the Group's business objectives.

FRAMEWORK OF THE SYSTEM ON INTERNAL CONTROLS

The key elements of the Group's system of internal controls are as follows:

- Clear organisational structures with defined lines of responsibility and delegation of authority;
- Centralised control of key functions such as corporate affairs, finance, tax and human resources;
- Participation of management in the identification and evaluation of significant risks relevant to their business areas, and the design and operation of suitable internal controls in managing these risks;

FRAMEWORK OF THE SYSTEM ON INTERNAL CONTROLS (CONT'D)

The key elements of the Group's system of internal controls are as follows (cont'd):

- The Audit and Risk Management Committee, through the Group's Internal Audit function which is outsourced to Messrs Baker Tilly Monterio Heng Governance Sdn Bhd, examines the adequacy and effectiveness of the Group's system of internal control. The Internal Audit functions adopt a risk-based approach in identifying areas of priority for assurance engagements to ensure that the internal control system is viable and robust;

- The financial performance of the Group for every quarter is subject to review by the Audit and Risk Management Committee and the annual financial statements by the external auditors. The Audit and Risk Management Committee then reports and makes recommendations to the Board of Directors; and

- The Standard Operating Procedures relating to procurement, technical, crewing, chartering, operation, health, safety and environment for the operating units within the Group have been established. Regular reviews are performed to ensure that the policies and procedures remain current and relevant.

REVIEW BY BOARD

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets. During the financial year, the Board was not aware of any issues which would result in any material losses, deficiencies or errors arising from any inadequacy or failure of the internal controls system that would require disclosure in the Annual Report. The internal controls and risk management will continue to be reviewed in order to improve and strengthen the system to ensure ongoing adequacy, integrity and effectiveness so as to safeguard the Group's assets and shareholders' investment.

ASSURANCE TO THE BOARD

The Board has received assurance from the Executive Directors that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the financial year ended 31 December 2019 and reported to the Board of Directors that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

(a) as not been prepared in accordance with the disclosure required by paragraphs 41 and 42 of the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers; or

(b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

This statement was approved by the Board of Directors on 15 May 2020.

NOMINATION **COMMITTEE REPORT**

Members

The Nomination Committee currently comprises three (3) members, which consist of one (1) Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors as follows:

Datuk Mohd Jafni Bin Mohd Alias	Chairman (Independent Non-Executive Director)
Datuk Dr Abd Hapiz bin Abdullah	Member (Independent Non-Executive Director)
Chin Chee Kong	Member (Non-Independent Non-Executive Director)

Responsibilities

The responsibilities of the Nomination Committee are as follows:

- To review regularly the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary

- To recommend for appointment to the Board of Directors, candidates for all directorships to be filled by the shareholders or the Board, taking into consideration the candidates':

  (i) skills, knowledge, expertise and experience;
  (ii) professionalism;
  (iii) integrity; and
  (iv) in the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors;

- To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director;

- To recommend to the Board, Directors to fill the seats on Board Committees;

- To review annually the Board's mix of skills and experiences and other qualities including core competencies which Non-Executive Directors should bring to the Board;

- To recommend to the Board for continuation (or not) in service of Executive Director(s) and Directors who are due for retirement by rotation; and

- To orientate and educate new Directors as the nature of the business, current issues within the Company and the corporate strategy, the expectations of the Company concerning input from the Directors and the general responsibilities of Directors.

The Nomination Committee met twice during the financial year ended 31 December 2019.

NOMINATION COMMITTEE REPORT
(CONTINUED)

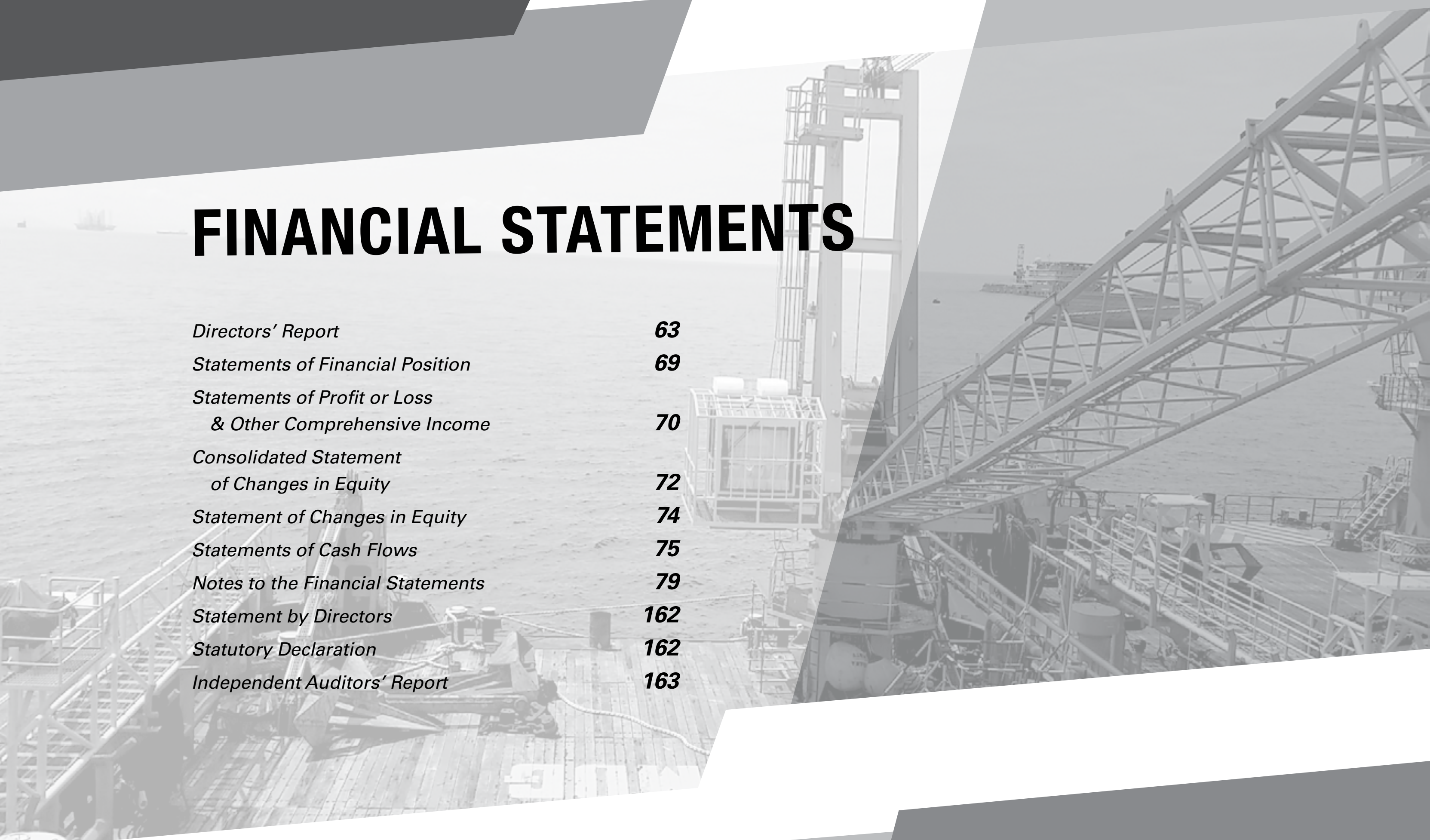
Summary of Activities during financial year ended 31 December 2019

During the financial year ended 31 December 2019, the Nomination Committee, in discharging its functions and duties, carried out the following activities:

- Reviewed the size and composition of the Board and Board Committees;
- Reviewed the mix of skill and experience and other qualities of the Board;
- Assessed the effectiveness of the Board as a whole, the Board Committees and the Directors;
- Discussed and recommended the re-election of retiring Directors;
- Assessed and confirmed the independence of the Independent Directors; and
- Discussed and recommended the proposed appointment of alternate director.

The Nomination Committee upon its annual assessment carried out for financial year 2019, was satisfied that:

- The size and composition of the Company Board is optimum with appropriate mix of knowledge, skills, attribute and core competencies;
- The Board has been able to discharge its duties professionally and effectively;
- All the Directors continues to uphold the highest governance standards in discharging their duties and responsibilities;
- All the members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective working experience, academic and professional qualifications, depth of knowledge, skills and experience and their personal qualities;
- The Directors are able to devote sufficient time commitment to their roles and responsibilities as evidenced by their attendance records; and
- Majority of the Directors have received training during the financial year ended 31 December 2019 that is relevant and would serve to enhance their effectiveness in the Board.



FINANCIAL STATEMENTS

DIRECTORS' **REPORT**
FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company and is also engaged in the provision of administrative management services to its subsidiaries whilst the principal activities of the subsidiaries are as stated in Note 4 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

ULTIMATE HOLDING COMPANY

During the financial year and until the date of this report, the Company is a subsidiary of Dayang Enterprise Holdings Bhd., which is incorporated in Malaysia and regarded by the Directors as the Company's ultimate holding company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 4 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Loss for the year attributable:		
Owners of the Company	23,004	60,682
Non-controlling interest	–	–
	23,004	60,682

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review.

DIVIDEND

No dividend was paid during the year and the Directors do not recommend any dividend to be paid for the financial year under review.

DIRECTORS' REPORT
for the year ended 31 December 2019
(CONTINUED)

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Datuk Hasmi bin Hasnan
Datuk Ling Suk Kiong
Alias bin Mat Lazin
Bailey Kho Chung Siang
Chin Chee Kong
Dato' Gerald Hans Isaac
Datuk Dr. Abd Hapiz Bin Abdullah
Datuk Mohd Jafni Bin Mohd Alias
Emily Hii San San (alternate Director to Datuk Hasmi Bin Hasnan)
(appointed on 2 January 2020)
Datuk Selva Kumar A/L Mookiah (retired on 21 May 2019)

DIRECTORS OF THE SUBSIDIARIES

The following is the list of directors of the subsidiaries (excluding those who are also Directors of the Company as mentioned above) in office during the year and up to the date of this report:

Choi Meng Yee
Fahim Bin Rosley

DIRECTORS' INTEREST IN SHARES

The interests and deemed interests of the Directors, including the interests of their spouses or children who themselves are not directors of the Company, in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2019	**Bought**	**Sold**	**At 31.12.2019**
Interests in the Company:				
Datuk Ling Suk Kiong				
- own	23,338,297	–	(23,338,200)	97
- others	12,535,513	–	(12,535,513)	–
Datuk Hasmi bin Hasnan				
- own	290,202	–	–	290,202
Bailey Kho Chung Siang				
- own	60,400	–	–	60,400
- others	211,400	–	–	211,400
Alias bin Mat Lazin				
- own	33,159	50,000	–	83,159

DIRECTORS' INTEREST IN SHARES (CONT'D)

	Number of ordinary shares			
	At 1.1.2019	**Bought**	**Sold**	**At 31.12.2019**
Deemed interests in the Company:				
Datuk Ling Suk Kiong				
- own	489,273,938	–	(18,487,196)	470,786,742
Datuk Hasmi bin Hasnan				
- own	547,773,171	–	–	547,773,171
Interests in the holding company:				
Datuk Ling Suk Kiong				
- own	73,254,330	7,325,433	–	80,579,763
- others	41,508,325	4,150,832	(4,400)	45,654,757
Datuk Hasmi bin Hasnan				
- own	960,937	96,093	–	1,057,030
Bailey Kho Chung Siang				
- others	700,000	70,000	–	770,000
Alias bin Mat Lazin				
- own	109,800	13,800	–	123,600
Deemed interests in the holding company:				
Datuk Ling Suk Kiong				
- own	61,218,187	6,121,818	–	67,340,005
Datuk Hasmi bin Hasnan				
- own	254,921,952	25,492,195	–	280,414,147

The other Directors had no interests in the shares of the Company and of its related corporations during and at the end of the financial year.

DIRECTORS' REPORT
for the year ended 31 December 2019
(CONTINUED)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 28 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

On 31 December 2019, the Company issued and allotted 1,463,629,199 new Redeemable Convertible Preference Shares ("RCPS") at an issue price of RM0.325 per share.

There were no other changes in the issued and paid-up capitals of the Company, nor issuances of debentures by the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of insurance effected for Directors of the Group and of the Company amounted to RM20,000,000 (sum insured) and RM35,000 (premium paid).

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts; and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (CONTINUED)

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, other than the effect of the reversal of impairment loss on property, plant and equipment, impairment loss on investments in subsidiaries, net gain on refinancing/restructuring of loans and borrowings and net gain arising from extinguishment of financial liabilities as disclosed in Note 3, 4 and 18 respectively to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS DURING THE YEAR

The details of the significant events that subsisted during the year are disclosed in Note 30 to the financial statements.

SIGNIFICANT EVENT AFTER REPORTING PERIOD

The details of the significant event after reporting period are disclosed in Note 32 to the financial statements.

DIRECTORS' REPORT
for the year ended 31 December 2019
(CONTINUED)

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 17 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Datuk Ling Suk Kiong
Director

Bailey Kho Chung Siang
Director

Kuala Lumpur,

Date: 15 May 2020

STATEMENTS OF **FINANCIAL POSITION**
AS AT 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Assets					
Property, plant and equipment	3	1,139,953	1,208,043	152	246
Investments in subsidiaries	4	–	–	1,104,600	1,110,104
Deposits	5	12,000	46,043	12,000	–
Deferred tax assets	6	17,833	25,559	46	46
Derivative asset	7	–	78	–	–
Total non-current assets		1,169,786	1,279,723	1,116,798	1,110,396
Inventories	8	1,689	2,408	–	–
Trade and other receivables	9	79,290	50,066	22,278	884
Deposits and prepayments	10	4,560	3,424	105	127
Current tax assets		2,636	2,771	2,392	2,335
Cash and cash equivalents	11	37,561	36,545	10,587	7,591
Total current assets		125,736	95,214	35,362	10,937
Total assets		1,295,522	1,374,937	1,152,160	1,121,333
Equity					
Share capital	12	885,198	411,219	885,198	411,219
Reserves	12.3	14,469	49,486	(204,228)	(143,546)
Equity attributable to owners of the Company		899,667	460,705	680,970	267,673
Non-controlling interests		136	136	–	–
Total equity		899,803	460,841	680,970	267,673
Liabilities					
Loans and borrowings	13	103,290	–	14,536	–
Deferred tax liabilities	6	3,277	3,437	–	–
Total non-current liabilities		106,567	3,437	14,536	–
Loans and borrowings	13	22,397	633,252	3,712	440,528
Trade and other payables	14	265,627	277,407	452,942	413,132
Current tax liabilities		1,128	–	–	–
Total current liabilities		289,152	910,659	456,654	853,660
Total liabilities		395,719	914,096	471,190	853,660
Total equity and liabilities		1,295,522	1,374,937	1,152,160	1,121,333

The notes on pages 69 to 161 are an integral part of these financial statements.

STATEMENTS OF **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	15	239,997	189,653	1,476	1,612
Cost of services		(213,345)	(180,444)	–	–
Gross profit		26,652	9,209	1,476	1,612
Other income	16	14,392	25,226	324	3,130
Administrative expenses		(20,002)	(12,822)	(12,568)	(5,089)
Loss on impairment of financial instruments		–	(297)	–	–
Other expenses	16	(787)	(6,254)	(5,504)	(5,505)
Results from operating activities	17	20,255	15,062	(16,272)	(5,852)
Finance income		22,564	2,526	302	29,739
Finance costs		(55,200)	(56,509)	(44,495)	(43,024)
Net finance costs	18	(32,636)	(53,983)	(44,193)	(13,285)
Loss before tax		(12,381)	(38,921)	(60,465)	(19,137)
Taxation	19	(10,623)	(1,989)	(217)	(2,958)
Loss for the year		(23,004)	(40,910)	(60,682)	(22,095)

The notes on pages 69 to 161 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2019
(CONTINUED)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Other comprehensive (expense)/ income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences		(11,935)	7,287	–	–
Cash flow hedge		(78)	(155)	–	–
Other comprehensive (expense)/ income, for the year		(12,013)	7,132	–	–
Total comprehensive expense for the year		(35,017)	(33,778)	(60,682)	(22,095)
Loss for the year attributable to:					
Owners of the Company		(23,004)	(40,910)	(60,682)	(22,095)
Non-controlling interests		–	–	–	–
Loss for the year		(23,004)	(40,910)	(60,682)	(22,095)
Total comprehensive expense for the year attributable to:					
Owners of the Company		(35,017)	(33,778)	(60,682)	(22,095)
Non-controlling interests		–	–	–	–
Total comprehensive expense for the year		(35,017)	(33,778)	(60,682)	(22,095)
Loss per share (sen)					
- basic	21	(2.95)	(5.26)		

The notes on pages 69 to 161 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**
FOR THE YEAR ENDED 31 DECEMBER 2019

	<------ *Attributable to owners of the Company*					------>		
	<------ *Non-distributable*			------>				
	Share capital RM'000	Translation reserve RM'000	Cash flow hedge reserve RM'000	Other capital reserve RM'000	Retained earnings/ (Accumulated losses) RM'000	Sub-total RM'000	Non-controlling interest RM'000	Total equity RM'000
Group								
As at 1 January 2018	411,219	75,090	233	1,635	6,306	494,483	136	494,619
Foreign currency translation differences	–	7,287	–	–	–	7,287	–	7,287
Cash flows hedge	–	–	(155)	–	–	(155)	–	(155)
Total other comprehensive income for the year	–	7,287	(155)	–	–	7,132	–	7,132
Loss for the year	–	–	–	–	(40,910)	(40,910)	–	(40,910)
Total comprehensive expense for the year	–	7,287	(155)	–	(40,910)	(33,778)	–	(33,778)
At 31 December 2018	411,219	82,377	78	1,635	(34,604)	460,705	136	460,841
	(Note 12)	(Note 12)	(Note 12)	(Note 12)				

The notes on pages 69 to 161 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2019
(CONTINUED)

	Attributable to owners of the Company								
	Non-distributable								
	Share capital RM'000	Redeemable convertible preference shares RM'000	Translation reserve RM'000	Cash flow hedge reserve RM'000	Other capital reserve RM'000	Retained earnings/ (Accumulated losses) RM'000	Sub-total RM'000	Non-controlling interest RM'000	Total equity RM'000
Group									
As at 1 January 2019	411,219	–	82,377	78	1,635	(34,604)	460,705	136	460,841
Foreign currency translation differences	–	–	(11,935)	–	–	–	(11,935)	–	(11,935)
Cash flows hedge	–	–	–	(78)	–	–	(78)	–	(78)
Total other comprehensive loss for the year	–	–	(11,935)	(78)	–	–	(12,013)	–	(12,013)
Loss for the year	–	–	–	–	–	(23,004)	(23,004)	–	(23,004)
Total comprehensive expense for the year	–	–	(11,935)	(78)	–	(23,004)	(35,017)	–	(35,017)
Issuance of redeemable convertible preference shares (Note 12.1)	–	473,979	–	–	–	–	473,979	–	473,979
Total transactions with owners of the Company	–	473,979	–	–	–	–	473,979	–	473,979
At 31 December 2019	411,219	473,979	70,442	–	1,635	(57,608)	899,667	136	899,803
	(Note 12)	(Note 12)	(Note 12)	(Note 12)	(Note 12)				

The notes on pages 69 to 161 are an integral part of these financial statements.

STATEMENT OF **CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 DECEMBER 2019

Company	Share capital RM'000	Redeemable convertible preference shares RM'000	Accumulated losses RM'000	Total equity RM'000
	< --- Non-distributable --- >			
At 1 January 2018	411,219	–	(121,451)	289,768
Loss/Total comprehensive expense for the year	–	–	(22,095)	(22,095)
At 31 December 2018/ 1 January 2019	411,219	–	(143,546)	267,673
Loss/Total comprehensive expense for the year	–	–	(60,682)	(60,682)
Issuance of redeemable convertible preference shares (Note 12.2)	–	473,979	–	473,979
At 31 December 2019	411,219	473,979	(204,228)	680,970
	(Note 12)	(Note 12)		

The notes on pages 69 to 161 are an integral part of these financial statements.

STATEMENTS OF **CASH FLOWS**
FOR THE YEAR ENDED 31 DECEMBER 2019

		Group		Company	
	Note	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Cash flows from operating activities					
Loss before tax		(12,381)	(38,921)	(60,465)	(19,137)
Adjustments for:					
Reversal of impairment loss on property, plant and equipment	3	(11,945)	(6,705)	–	–
Impairment loss/(Reversal of impairment loss) on financial assets	17	–	297	–	(3,130)
Impairment loss on investments in subsidiaries	17	–	–	5,504	4,965
Depreciation of property, plant and equipment	3	80,797	80,282	129	172
Finance costs	18	55,200	56,509	44,495	43,024
Finance income	18	(22,564)	(2,526)	(302)	(29,739)
Unrealised (gain)/loss in foreign exchange	17	(1,564)	5,828	(324)	533
Operating profit/(loss) before changes in working capital		87,543	94,764	(10,963)	(3,312)
Changes in working capital:					
Inventories		719	(54)	–	–
Trade and other receivables, deposits and prepayments		(11,485)	(25,787)	(2,393)	649,863
Trade and other payables		(20,622)	11,020	35,532	10,333
Cash generated from operations		56,155	79,943	22,176	656,884
Income tax paid		(1,794)	(3,333)	(274)	(2,668)
Net cash from operating activities		54,361	76,610	21,902	654,216

The notes on pages 69 to 161 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2019
(CONTINUED)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash flows from investing activities					
Additional investments in subsidiaries		–	–	–	(651,009)
Interest received		871	1,418	302	1,104
Purchase of property, plant and equipment	3	(13,016)	(14,063)	(35)	(100)
Withdrawal of fixed deposits pledged		6,083	49,612	6,083	49,612
Net cash (used in)/generated from investing activities		(6,062)	36,967	6,350	(600,393)
Cash flows from financing activities					
Repayment of Sukuk		(445,247)	(90,000)	(445,247)	(90,000)
Repayment of secured term loans		(13,669)	(8,261)	–	–
Repayment of term loan - Commodity Murabahah Financing - I		–	(8,128)	–	–
Repayment of finance lease liabilities		–	(4,335)	–	–
Repayment of revolving credits		(252)	(4,000)	(252)	(4,000)
Drawdown of term loan - Islamic		10,200	–	10,200	–
Net advances from a related company		455,000	56,000	455,000	61,000
Security deposit paid		(12,000)	–	(12,000)	–
Interest paid		(12,746)	(12,825)	(2,607)	(160)
Coupon paid		(24,267)	(23,794)	(24,267)	(23,794)
Net cash used in financing activities		(42,981)	(95,343)	(19,173)	(56,954)
Net increase/(decrease) in cash and cash equivalents		5,318	18,234	9,079	(3,131)
Effect of exchange rate movements		1,781	(9,081)	–	–
Cash and cash equivalents at 1 January		30,462	21,309	1,508	4,639
Cash and cash equivalents at 31 December		37,561	30,462	10,587	1,508

The notes on pages 69 to 161 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2019
(CONTINUED)

Note

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts in the statements of financial position:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Deposits placed with licensed banks	19,867	33,769	9,800	7,183
Cash on hand and at banks	17,694	2,776	787	408
Sub-total (Note 11)	37,561	36,545	10,587	7,591
Less: Deposits pledged as security (Note 11)	–	(6,083)	–	(6,083)
Cash and cash equivalents	37,561	30,462	10,587	1,508

Cash outflows from leases as a lessee

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Included in net cash from operating activities:				
Payment relating to short-term leases	24,557	–	78	–

The notes on pages 69 to 161 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2019
(CONTINUED)

Changes in liabilities arising from financing activities are as follows:

	At 1.1.2018 RM'000	Net changes from financing cash flows RM'000	< --- Non-cash changes --- > Foreign exchange movement RM'000	Other changes RM'000	At 31.12.2018/ 1.1.2019 RM'000	Net changes from financing cash flows RM'000	< ----------- Non-cash changes ----------- > Changes arising from extinguishment of financial liabilities via acquisition of a subsidiary RM'000	Foreign exchange movement RM'000	Other changes RM'000	At 31.12.2019 RM'000
Group										
Sukuk	518,797	(90,000)	–	9,731	438,528	(445,247)	–	–	6,719	–
Secured term loans	50,318	(8,261)	1,108	–	43,165	(13,669)	62,023	(298)	(7,039)	84,182
Term loan – Commodity Murabahah Financing - I	32,512	(8,128)	462	–	24,846	–	–	(282)	(225)	24,339
Finance lease liabilities	126,650	(4,335)	–	2,398	124,713	–	(123,298)	(1,415)	–	–
Revolving credits	6,000	(4,000)	–	–	2,000	(252)	–	–	–	1,748
Term loan - Islamic	–	–	–	–	–	10,200	–	–	5,218	15,418
Net advances from a related company (Note 14)	134,661	56,000	–	–	190,661	455,000	–	–	(455,000)	190,661
Total liabilities from financing activities	868,938	(58,724)	1,570	12,129	823,913	6,032	(61,275)	(1,995)	(450,327)	316,348
Company										
Sukuk	518,797	(90,000)	–	9,731	438,528	(445,247)	–	–	6,719	–
Revolving credits	6,000	(4,000)	–	–	2,000	(252)	–	–	–	1,748
Term loan - Islamic	–	–	–	–	–	10,200	–	–	6,300	16,500
Net advances from a related company (Note 14)	129,661	61,000	–	–	190,661	455,000	–	–	(455,000)	190,661
Total liabilities from financing activities	654,458	(33,000)	–	9,731	631,189	19,701	–	–	(441,981)	208,909

The notes on pages 69 to 161 are an integral part of these financial statements.

NOTES TO **THE FINANCIAL STATEMENTS**

Perdana Petroleum Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office is Level 15, Block 2, VSQ @ PJCC, Jalan Utara, 46200 Petaling Jaya, Selangor.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

The Company is principally an investment holding company and is also engaged in the provision of administrative management services to its subsidiaries. The principal activities of the subsidiaries are as stated in Note 4 to the financial statements.

The holding company as well as the ultimate holding company is Dayang Enterprise Holdings Bhd. Both the Company and its holding company are companies incorporated in Malaysia and are listed on the Main Market of Bursa Malaysia Securities Berhad.

These financial statements were authorised for issue by the Board of Directors on 15 May 2020.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRS / Amendments / Interpretations	**Effective date**
Amendments to MFRS 3, *Business Combinations - Definition of a 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
Amendments to MFRS 9, *Financial Instruments,* MFRS 139*, Financial Instruments: Recognition and Measurement and* MFRS 7*, Financial Instruments: Disclosures - Interest Rate Benchmark Reform*	1 January 2020
MFRS 17, *Insurance Contracts*	1 January 2021
Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*	1 January 2022
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

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.
- from the annual period beginning on 1 January 2022 for the amendment that is effective for annual periods beginning on 1 January 2022.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the above accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, other than as disclosed in Note 2.

The Group and the Company have prepared their financial statements on a going concern basis, notwithstanding that the Group's and the Company's current liabilities exceeded the current assets by RM163.4 million and RM421.3 million respectively as at the end of the financial year. The Group and the Company recorded net losses of RM23.0 million and RM60.7 million respectively for the current financial year. This gives rise to concerns about whether the Group and the Company have sufficient cash flows to meet their obligations for the next twelve months from the end of the reporting period.

The validity of the going concern assumption is dependent on the holding company to provide continuous financial backing to support the Group and the Company to meet their obligations when due. The Directors have also considered the future profitability and cash flows of the Group and the Company in determining the appropriateness of the going concern basis for the preparation of the financial statements of the Group and the Company.

In addition, the Group will continue to synergise with its holding company for its holding company's activities such as hook up and commissioning and topside structural maintenance mainly for the brownfield oil extraction and exploration market, which has been less adversely affected by the current volatile low oil landscape, with those of the Group.

As at the end of the reporting period and as at the date these financial statements were authorised for issue, the Directors believe that there is no material uncertainty that exists over the ability of the Group and the Company to continue on a going concern basis. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary if the Group and the Company are unable to continue as a going concern.

1. BASIS OF PREPARATION (CONT'D)

(c) Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency. These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and presentation currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3.3 - impairment testing of property, plant and equipment;
- Note 4 - impairment testing of investment in subsidiaries; and
- Note 6 - recognition of deferred tax assets.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

Upon the adoption of MFRS 16, *Leases*, the Group and the Company have changed their accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. There is no material financial impact arising from the change.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(iii) Acquisition of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income or expense for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency (Cont'd)

(i) Foreign currency transactions (Cont'd)

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except that those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivables without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see note 2(k)(i)) where the effective interest rate is applied to the amortised cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

(b) Fair value through other comprehensaive income

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see note 2(k)(i)) where the effective interest rate is applied to the amortised cost.

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

(c) Fair value through profit or loss (Cont'd)

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see note 2(k)(i)).

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial liabilities (Cont'd)

(a) Fair value through profit or loss (Cont'd)

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and

(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(v) Hedge accounting

At inception of a designated hedging relationship, the Group and the Company document the risk management objective and strategy for undertaking the hedge. The Group and the Company also document the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

(a) Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

In a fair value hedge, the gain or loss on the hedging instrument shall be recognised in profit or loss (or other comprehensive income, if the hedging instrument hedges an equity instrument which the Group or the Company has elected to present the subsequent changes in fair value of the investment in equity in other comprehensive income).

The hedging gain or loss on the hedged item shall adjust the carrying amount of the hedged item and be recognised in profit or loss. If the hedged item is a financial asset (or a component thereof) that is measured at fair value through other comprehensive income, the hedging gain or loss on the hedged item shall be recognised in profit or loss. However, if the hedged item is an equity instrument for which an entity has elected to present changes in fair value in other comprehensive income, those amounts shall remain in other comprehensive income. When a hedged item is an unrecognised firm commitment (or a component thereof), the cumulative change in the fair value of the hedged item subsequent to its designation is recognised as an asset or a liability with a corresponding gain or loss recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(v) Hedge accounting (Cont'd)

(b) Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss immediately.

The Group designates only the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("forward points") and/or the foreign currency basis spread are separately accounted for as cost of hedging and recognised in a cost of hedging reserve within equity.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

A hedge of a net investment is a hedge in the interest of the net assets of a foreign operation. In a net investment hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss. The cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss on disposal of the foreign operation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(vi) Derecognition

A financial asset or a part thereof is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part thereof is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

(vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the assets to working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs [see Note 2(o)]. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment (Cont'd)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Dry docking expenditures are capitalised.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment from the date that it is available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Assets under construction are not depreciated until the assets are ready for their intended use.

The depreciation rates of the other assets for the current and comparative periods are as follows:

Marine vessels	4%
Vessel equipment	4% - 10%
Dry docking	20%
Cabin, field and workshop equipment	10% - 20%
Motor vehicles	20%
Office equipment, furniture and fittings	10% - 20%
Others	10% - 50%

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate at the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases

Current financial year

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group and the Company are lessees, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Company entities use their incremental borrowing rate as the discount rate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (Cont'd)

Current financial year (Cont'd)

(ii) Recognition and initial measurement (Cont'd)

(a) As a lessee (Cont'd)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group and the Company exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group and the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

When the Group and the Company are intermediate lessors, they account for their interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group and the Company apply the exemption described above, then it classifies the sublease as an operating lease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (Cont'd)

Current financial year (Cont'd)

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company change its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue" [see note 2(m)(i)].

The Group and the Company recognise finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments* [see note 2(k)(i)].

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (Cont'd)

Previous financial year

As a lessee

(i) Finance lease

Leases in terms of which the Group or the Company assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, a leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

Leasehold land which in substance was a finance lease was classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group or the Company did not assume substantially all the risks and rewards of ownership were classified as operating leases, and the leased assets were not recognised on the statement of financial position.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals were charged to profit or loss in the reporting period in which they were incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Goodwill

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost of inventories is measured based on first in first out basis, and includes expenditure incurred in acquiring the inventories, production or conversion cost and others cost incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Contract asset/liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(k)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(i) Contract cost

(i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

(ii) Costs to fulfill a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group or the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(k) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (Cont'd)

(i) Financial assets (Cont'd)

The gross carrying amount of a financial asset is written off (either partially or fully) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the cash-generating unit (or groups of cash-generating units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

Contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(m) Revenue and other income

The following is a description of principal activities from which the Group and the Company generates their revenue and other income.

(i) Vessel charter income

Current financial year

Upon the adoption of MFRS 16, *Leases*, the Group has reassessed its charter hires with customers and determined that these are leases under MFRS 16.

The Group, as a lessor, generates revenue from leasing out marine vessels under charter hires. Vessel charter income is recognised over the term of the charter on an accrual basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Revenue and other income (Cont'd)

(i) Vessel charter income (Cont'd)

Previous financial year

Revenue from contract with customers

Revenue from sales of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

The Group or the Company transfers control of a service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Mobilisation services

Income from mobilisation services is recognised in profit or loss when mobilisation costs are incurred and billed to a customer.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Revenue and other income (Cont'd)

(iii) Catering services

Income from catering services is recognised in profit or loss when the services are performed and transferred to a customer.

(iv) Management services income

Management fees income is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(v) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(vi) Interest income

Interest income is recognised in profit or loss as it accrues using the effective interest method, except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(n) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Income tax (Cont'd)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced by the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(p) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of dilutive potential ordinary shares arising from issuance of RCPS.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(s) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Preference share capital

Preference shares are classified as equity. It is redeemable at the Company's option, with no entitlement to receive dividend. The preference shares are convertible and transferrable.

(t) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Marine vessels (subject to operating lease) RM'000	Vessel equipment RM'000	Dry docking RM'000	Cabin, field and workshop equipment RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Others RM'000	Total RM'000
Cost									
At 1 January 2018	1,708,690	13,522	51,076	78	807	3,997	412	2,955	1,781,537
Additions	–	1,720	12,199	–	–	62	–	82	14,063
Effect of movements in exchange rate	28,654	114	796	–	–	–	–	–	29,564
At 31 December 2018/ 1 January 2019	1,737,344	15,356	64,071	78	807	4,059	412	3,037	1,825,164
Additions	–	3,129	9,516	–	–	–	–	371	13,016
Effect of movements in exchange rate	(17,344)	(70)	(610)	–	–	–	–	–	(18,024)
At 31 December 2019	1,720,000	18,415	72,977	78	807	4,059	412	3,408	1,820,156
Depreciation and impairment loss									
At 1 January 2018									
Accumulated depreciation	416,069	10,984	38,953	75	681	3,810	402	2,666	473,640
Accumulated impairment loss	61,276	–	–	–	–	–	–	–	61,276
	477,345	10,984	38,953	75	681	3,810	402	2,666	534,916
Depreciation for the year (Note 17)	69,794	1,428	8,635	3	123	135	10	154	80,282
Reversal of impairment loss (Note 17)	(6,705)	–	–	–	–	–	–	–	(6,705)
Effect of movements in exchange rate	7,848	118	662	–	–	–	–	–	8,628
At 31 December 2018									
Accumulated depreciation	493,711	12,530	48,250	78	804	3,945	412	2,820	562,550
Accumulated impairment loss	54,571	–	–	–	–	–	–	–	54,571
At 31 December 2018	548,282	12,530	48,250	78	804	3,945	412	2,820	617,121

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)	Marine vessels (subject to operating lease) RM'000	Vessel equipment RM'000	Dry docking RM'000	Cabin, field and workshop equipment RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Others RM'000	Total RM'000
Depreciation and impairment loss (Cont'd)									
At 1 January 2019									
Accumulated depreciation	493,711	12,530	48,250	78	804	3,945	412	2,820	562,550
Accumulated impairment loss	54,571	–	–	–	–	–	–	–	54,571
	548,282	12,530	48,250	78	804	3,945	412	2,820	617,121
Depreciation for the year (Note 17)	71,554	1,418	7,505	–	3	56	–	261	80,797
Reversal of impairment loss (Note 17)	(11,945)	–	–	–	–	–	–	–	(11,945)
Effect of movements in exchange rate	(5,253)	(69)	(448)	–	–	–	–	–	(5,770)
At 31 December 2019									
Accumulated depreciation	560,012	13,879	55,307	78	807	4,001	412	3,081	637,577
Accumulated impairment loss	42,626	–	–	–	–	–	–	–	42,626
At 31 December 2019	602,638	13,879	55,307	78	807	4,001	412	3,081	680,203
Carrying amount									
At 31 December 2018	1,189,062	2,826	15,821	–	3	114	–	217	1,208,043
At 31 December 2019	1,117,362	4,536	17,670	–	–	58	–	327	1,139,953

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Note	Office equipment RM'000	Furniture and fittings RM'000	Others RM'000	Total RM'000
Cost					
At 1 January 2018		319	200	1,722	2,241
Additions		–	18	82	100
At 31 December 2018/ 1 January 2019		319	218	1,804	2,341
Additions		–	–	35	35
At 31 December 2019		319	218	1,839	2,376
Accumulated depreciation					
At 1 January 2018		289	191	1,443	1,923
Depreciation for the year	17	16	8	148	172
At 31 December 2018/ 1 January 2019		305	199	1,591	2,095
Depreciation for the year	17	7	7	115	129
At 31 December 2019		312	206	1,706	2,224
Carrying amount					
At 31 December 2018		14	19	213	246
At 31 December 2019		7	12	133	152

3.1 Carrying amount of property, plant and equipment under finance lease liabilities

Two marine vessels with a total carrying amount of RM145.0 million was under finance lease liabilities in the previous financial year end.

Pursuant to the Group's debt restructuring scheme, the finance lease arrangements have been terminated and refinanced via an existing term loan under a new subsidiary acquired during the financial year (Note 29).

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

3.2 Security

Four (2018: Fourteen) marine vessels with a total carrying amount of RM278.0 million (2018: RM1.1 billion) are pledged to licensed banks or financial institutions for certain banking facilities granted to the Group (see Note 13), while eleven (2018: Nil) marine vessels with a total carrying amount of RM860.9 million (2018: Nil) are pledged to the Sukuk issued by the holding company (see Note 13).

3.3 Impairment testing of property, plant and equipment

The Group's main customers are from oil and gas companies involved in upstream exploration activities. Crude oil prices in 2019 continued to affect the business activities of the industry in which the Group operates.

In the current financial year, the Group has evaluated whether the property, plant and equipment, i.e. marine vessels and dry docking used in the operations are stated in excess of their recoverable amounts. The Group has applied the value-in-use approach on the basis that the vessels will continue to be in use up to the expected useful lives of the respective vessels. The value-in-use has been calculated by forecasting and discounting future cash flows to be generated by the respective marine vessels based on the following key assumptions:

(a) Average utilisation rate ranging from 75% to 80% (2018: 67% to 80%);
(b) Average daily charter rate ranging from RM28,000 to RM65,000 (2018: RM24,000 to RM63,635);
(c) Daily operating costs ranging from RM9,000 to RM14,280 (2018: RM8,000 to RM13,000);
(d) Average growth rate of 6% for year 2022 (2018: average 6.5% for years 2019 - 2023) and subsequently a growth rate of 5% (2018: 5%) in every five years;
(e) Salvage value based on market value of scrap steel plates at USD550 (2018: USD550) per tonne multiplied by the lightweight of the vessels; and
(f) Pre-tax discount rate of 10% (2018: 10%).

The values assigned to the key assumptions are based on historical data from both external sources and internal sources as well as management's assessment of future trends in the industry.

Following the assessment, the Group has made a net reversal of impairment losses of RM11.9 million (2018: RM6.7 million) (see Note 16) on six (2018: seven) vessels in the profit or loss, as the estimated recoverable amounts of these vessels are higher (2018: higher) than their carrying amounts.

Impairment loss sensitivity analysis

This analysis is based on utilisation rate and discount rate that the Group considered to be reasonably possible at the end of the reporting period.

The value-in-use estimates are particularly sensitive in the following areas:

- An increase of 1 percentage point in the discount rate used would have increased the impairment loss by RM25.4 million (2018: RM31.5 million).
- A 5% decrease in utilisation rate used would have increased the impairment loss by RM51.1 million (2018: RM53.3 million).

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

3.4 Marine vessels subject to operating lease

The Group leases marine vessels to third parties. Each of the leases contains an initial non-cancellable period of 4 days to 365 days a year. Some of these leases also include extension option clauses which are subject to negotiation with the lessee before the end of the initial tenure.

The Group generally does not require a financial guarantee on the lease arrangement as the majority of the lessees are reputable oil majors. Nevertheless, the Group may request for advanced charter payments from certain lessee, depending on the Group's assessment on the credit worthiness of the respective lessee, regardless of the lease period. These leases do not include residual value guarantees.

The following is recognised in profit or loss:

	2019 RM'000	2018 RM'000
Group		
Vessel charter income	221,680	181,563

The operating lease payments to be received are as follows:

	2019 RM'000	2018 RM'000
Group		
Less than one year	86,371	34,073
One to two years	13,135	28,438
Total undiscounted lease payments	99,506	62,511

4. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
At cost		
Unquoted shares		
- in Malaysia	1,319,576	1,319,576
- outside Malaysia	21,176	21,176
Less: impairment loss	(236,152)	(230,648)
	1,104,600	1,110,104

4. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of company	Place of incorporation	Principal activities	Effective ownership interest and voting interest 2019 %	2018 %
Direct subsidiaries				
Intra Oil Services Berhad	Malaysia	Provision of marine support services for the oil and gas industry	100	100
Ampangship Marine Sdn. Bhd.	Malaysia	Provision of marine support services for the oil and gas industry	100	100
Perdana Nautika Sdn. Bhd.	Malaysia	Provision of marine support services for the oil and gas industry	100	100
Perdana Neptune Limited	Federal Territory of Labuan, Malaysia	Provision of leasing business activities in Labuan	100	100
Perdana Pluto Limited	Federal Territory of Labuan, Malaysia	Provision of leasing business activities in Labuan	100	100
Perdana Saturn Limited	Federal Territory of Labuan, Malaysia	Provision of leasing business activities in Labuan	100	100
Perdana Earth Limited	Federal Territory of Labuan, Malaysia	Provision of leasing business activities in Labuan	100	100
Perdana Mars Limited	Federal Territory of Labuan, Malaysia	Provision of leasing business activities in Labuan	100	100
Perdana Jupiter Limited*	Federal Territory of Labuan, Malaysia	Provision of leasing business activities in Labuan	100	100

4. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):

Name of company	Place of incorporation	Principal activities	Effective ownership interest and voting interest 2019 %	2018 %
Petra Offshore Limited	Federal Territory of Labuan, Malaysia	Dormant	100	100
Perdana Marine Offshore Pte. Ltd.**	The Republic of Singapore	Dormant	100	100
Perdana Uranus Limited	Federal Territory of Labuan, Malaysia	Dormant	100	100
Perdana Mercury Limited**	The Republic of the Marshall Island	Dormant	100	100
Perdana Venus Limited**	The Republic of the Marshall Island	Dormant	100	100
Odin Explorer Navigation Limited**	The British Virgin Island	Dormant	100	100
Geoseas Technologies Limited**	The British Virgin Island	Dormant	51	51
<u>Subsidiary of Perdana Jupiter Limited</u>				
Mount Santubong Limited	Federal Territory of Labuan, Malaysia	Making strategic investments in shipping and shipping-related assets and businesses	100	–

* The subsidiary was principally engaged in the provision of leasing business activities in Labuan and has subsequently ceased trading and became dormant.

** Not audited by member firms of KPMG International.

As the Group does not have material non-controlling interest, the financial information of non-controlling interest is not disclosed in these financial statements.

4. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Impairment testing for investments in subsidiaries

The recoverable amounts of respective subsidiaries were estimated using the value-in-use calculation. This calculation uses pre-tax cash flow projections based on the continuing use of the subsidiaries' assets. The value-in-use calculation was based on the key assumptions as detailed in Note 3.3.

Following the assessment, the Group recognised impairment loss of RM5.5 million (2018: RM5.0 million) (see Note 17) on one (2018: one) subsidiary in the profit or loss, as the estimated recoverable amount of the subsidiary is lower than its carrying amounts.

5. DEPOSITS

		Group		Company	
		2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Security deposits	5.1	12,000	–	12,000	–
Refundable deposits	5.2	–	46,043	–	–
		12,000	46,043	12,000	–

5.1 Security deposit is a deposit held by a creditor over the tenure of an Islamic term loan (see Note 13.1).

5.2 Refundable deposits were deposits held by lessor of marine vessels of a subsidiary which was refundable to the Group upon expiry of the leases. In the current financial year, refundable deposits were deemed forfeited subsequent to the termination of the lease arrangement (see Note 13.6) following the acquisition of Mount Santubong Limited (see Note 29).

6. DEFERRED TAX

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Property, plant and equipment	–	–	(3,464)	(3,463)	(3,464)	(3,463)
Capital allowances carried forward	7,629	11,927	–	–	7,629	11,927
Tax losses carried forward	10,356	11,370	–	–	10,356	11,370
Other provision	35	2,288	–	–	35	2,288
Deferred tax assets/(liabilities)	18,020	25,585	(3,464)	(3,463)	14,556	22,122
Set-off of tax	(187)	(26)	187	26	–	–
Net deferred tax assets/(liabilities)	17,833	25,559	(3,277)	(3,437)	14,556	22,122
Company						
Capital allowances carried forward	46	46	–	–	46	46

6. DEFERRED TAX (CONT'D)

Movements in deferred tax assets and liabilities during the year are as follows:

Group	At 1.1.2018 RM'000	Recognised in profit or loss RM'000	At 31.12.2018/ 1.1.2019 RM'000	Recognised in profit or loss RM'000	At 31.12.2019 RM'000
Property, plant and equipment	(3,697)	234	(3,463)	(1)	(3,464)
Capital allowances carried forward	11,655	272	11,927	(4,298)	7,629
Tax losses carried forward	10,583	787	11,370	(1,014)	10,356
Other provision	1,363	925	2,288	(2,253)	35
	19,904	2,218	22,122	(7,566)	14,556
		(Note 19)		(Note 19)	

Company					
Capital allowances carried forward	46	–	46	–	46

The management considered it probable that future taxable profits will be available against which the deferred tax assets can be utilised. The management has applied the following key assumptions in arriving at the projected future taxable profits:

(i) Revenue based on average utilisation rate ranging from 75% to 80% (2018: from 67% to 80%);
(ii) Vessel operating costs for 2020 based on actual costs incurred for 2019;
(iii) Charter hire costs from other subsidiaries of the Group based on actual costs incurred with a decrease of 2% in every subsequent year; and
(iv) Administrative expenses based on actual costs incurred in the current year with an increase of 5% in every subsequent year.

The estimation of future taxable profits requires management to make judgements, estimates and assumptions about future events that are inherently uncertain. Accordingly, the deferred tax assets recognised are subject to estimation uncertainty and may be adjusted in subsequent periods as a result of changes in the accounting estimates.

6. DEFERRED TAX (CONT'D)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group and Company	
	2019	**2018**
	RM'000	**RM'000**
Unabsorbed capital allowances	407	345
Unutilised tax losses	18,255	7,435
	18,662	7,780

Deferred tax assets of the Group and the Company of RM4.5 million (2018: RM1.9 million) have not been recognised in respect of the above temporary differences because it is not certain if sufficient future taxable profits will be available against which the affected group entities can utilise the benefits therefrom.

Unabsorbed capital allowances do not expire under the current tax legislation except that in the case of a dormant company, such allowances and losses will not be available to the company if there is a change of 50% or more in the shareholdings thereof.

Pursuant to the latest tax legislations, unutilised tax losses from a year of assessment can only be carried forward up to 7 consecutive years of assessments ("YAs").

Unutilised tax losses of RM50.6 million and RM10.8 million expire in 2025 and 2026 respectively under the current tax legislation of Malaysia.

7. DERIVATIVE ASSET - GROUP

	Contractual/ Notional amount		**Asset**	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Derivative used for hedging				
Interest rate swap	–	24,846	–	78

On 21 October 2014, the Group entered into an interest rate swap to hedge the variability in cash flows arising from interest rate risk in relation to the floating interest rate of a term loan. The interest rate swap had been designated as the hedging instrument of a cash flow hedge.

The swap entitled the Group to receive a floating interest equal to 3-month USD-LIBOR + 3.10% per annum, and paid a fixed rate of 4.18% per annum (if LIBOR was less than or equals to 2.00%) or a 3-month USD-LIBOR + 2.35% per annum (if LIBOR was more than 2.00%).

7. DERIVATIVE ASSET - GROUP (CONT'D)

The swap had the same maturity date as that of the term loan.

Upon the completion of the Group's debt restructuring, the interest rate swap arrangement has been terminated during the current financial year (Note 13.3).

8. INVENTORIES

Inventories represent fuel, various oils and lubricants and spare parts. None of the inventories are carried at net realisable value.

	Group	
	2019 RM'000	**2018 RM'000**
Materials and consumables - at cost	1,689	2,408
Recognised in profit or loss:		
Inventories recognised as part of cost of services	11,384	11,888

9. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Current					
Trade					
Amount due from related companies	9.1	21,946	22,973	42	–
Trade receivables		32,956	24,901	–	–
Allowance for impairment loss		(297)	(297)	–	–
		32,659	24,604	–	–
Sub-total		54,605	47,577	42	–

9. TRADE AND OTHER RECEIVABLES (CONT'D)

		Group		Company	
	Note	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Current					
Non-trade					
Amount due from subsidiaries	9.2	–	–	1,454	787
Other receivables	9.3	26,128	3,932	20,782	97
Allowance for impairment losses		(1,443)	(1,443)	–	–
		24,685	2,489	20,782	97
Sub-total		24,685	2,489	22,236	884
Total		79,290	50,066	22,278	884

Group and Company

9.1 Amount due from related companies are unsecured, interest free and repayable on demand.

9.2 Amount due from subsidiaries are unsecured, interest free and repayable on demand.

9.3 Included in other receivables are receivables of RM20.7 million in relation to the issuance and allotment of new redeemable convertible preference shares as at the end of the current financial year.

10. DEPOSITS AND PREPAYMENTS

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Deposits	2,641	2,256	44	37
Prepayments	1,919	1,168	61	90
	4,560	3,424	105	127

Included in the Group's deposits is placement of fund of USD293,000 (2018: USD293,000) in a Sinking Fund Account. This Sinking Fund Account is established with a financial institution and is held by a subsidiary during the tenure of a loan as security deposits.

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Deposits placed with licensed banks	19,867	33,769	9,800	7,183
Cash on hand and at banks	17,694	2,776	787	408
	37,561	36,545	10,587	7,591

Group and Company

Included in the deposits placed with licensed banks of the Group and the Company in the previous financial year was RM6.1 million of deposits pledged for Sukuk. In the current financial year, the Group and the Company have withdrawn the pledged deposits upon the settlement of Sukuk (Note 13.2).

12. CAPITAL AND RESERVES

Share capital

	Group and Company			
	2019		2018	
	Amount RM'000	**Number of shares '000**	**Amount RM'000**	**Number of shares '000**
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
Opening and closing balances	411,219	778,471	411,219	778,471
Redeemable convertible preference shares ("RCPS")				
At 1 January	–	–	–	–
Issuance of shares	473,979	1,463,629	–	–
At 31 December	473,979	1,463,629	–	–
Total issued and paid-up share capital	885,198	2,242,100	411,219	778,471

12. CAPITAL AND RESERVES (CONT'D)

12.1 Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

12.2 Redeemable convertible preference shares ("RCPS")

	2019 RM'000
Redeemable convertible preference shares	
Proceeds from the issuance of RCPS	475,679
Transactions costs	(1,700)
Net proceeds	473,979

The RCPS has tenure of ten (10) years from the date of issuance on 31 December 2019.

Holders of RCPS are not entitled to receive dividend. They do not carry the right to vote except where there is:

(i) a proposal to reduce the Company's share capital;
(ii) a proposal for the disposal of the whole of the Company's property, business and undertaking;
(iii) a proposal that affects the rights and privileges attached to the RCPS including the amendments to the Constitutions of the Company; and
(iv) a proposal to wind up the Company.

Under the circumstances listed above, each RCPS holder shall be entitled to vote at all general meetings of the Company, and a poll at any such general meetings to one (1) vote for each RCPS held.

Conversion

The RCPS shall be convertible into conversion shares (i.e. new ordinary shares to be issued upon conversion of the RCPS) at the option of the RCPS holders in accordance with the conversion ratio, either in whole or in part, at any time during the conversion period upon the tendering of a valid conversion notice by the RCPS holder. Such conversion will not require payment of additional consideration by the holder.

The conversion price shall be the same as the issue price of the RCPS, and one (1) RCPS is convertible into one (1) new ordinary share. The conversion ratio may be subject to adjustments from time to time, at the determination of the Company's Board, in the event of any alteration to the Company's share capital on or before the final redemption date, whether by way of rights issue, capitalisation issue, consolidation of shares, subdivision of shares or reduction of capital howsoever being affected, in accordance with the provisions of the Constitution of the Company. RCPS holder(s) are not required to make any additional cash payment for the conversion of any RCPS into new ordinary shares.

12. CAPITAL AND RESERVES (CONT'D)

12.2 Redeemable convertible preference shares ("RCPS") (Cont'd)

Redemption

The Company shall have the option to redeem the RCPS in cash at 100% of the issue price of the RCPS, in whole or in part (but always in the same proportion in relation to each RCPS holder), at any time during the tenure of the RCPS. The Company shall give the RCPS holders no less than 30 calendar days' notice prior to the date of redemption. The RCPS holders shall be entitled to exercise their conversion rights in the event the Company issues notice of redemption. The RCPS which have been redeemed will be cancelled and cannot be reissued.

Any outstanding RCPS not redeemed or converted into conversion shares at the end of the tenure of the RCPS shall be automatically converted into conversion shares.

12.3 Reserves

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Non-distributable:-				
Translation reserve (Note 12.4)	70,442	82,377	–	–
Cash flow hedge reserve (Note 12.5)	–	78	–	–
Other capital reserve (Note 12.6)	1,635	1,635	–	–
	72,077	84,090	–	–
Distributable:-				
Accumulated losses	(57,608)	(34,604)	(204,228)	(143,546)
	14,469	49,486	(204,228)	(143,546)

12.4 Translation reserve

The foreign currency translation reserve arose from the translation of the financial statements of subsidiaries whose presentation currency differs from the presentation currency of the Group's financial statements, which is RM.

12.5 Cash flow hedge reserve

This reserve comprises the effective portion of the cumulative gains and losses on the hedging instrument deemed effective in a cash flows hedge.

	Group	
	2019 RM'000	**2018 RM'000**
At 1 January	78	233
Net movement during the year	(78)	(155)
At 31 December	–	78

12. CAPITAL AND RESERVES (CONT'D)

12.6 Other capital reserve

This reserve relates to the redemption of redeemable non-cumulative non-voting preference shares by a subsidiary incorporated in the Federal Territory of Labuan, Malaysia.

Following the amendment to the Labuan Companies Act 1990 in year 2010 whereby there is no requirement for par value of shares and no requirement for minimum share capital, this reserve has been reclassified from share capital to other capital reserves.

13. LOANS AND BORROWINGS

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current					
Term loan - Islamic	13.1	13,454	–	14,536	–
Term loan - Commodity Murabahah Financing - I	13.3	19,426	–	–	–
Secured term loans	13.4	70,410	–	–	–
		103,290	–	14,536	–
Current					
Term loan - Islamic	13.1	1,964	–	1,964	–
Term loan - Commodity Murabahah Financing - I	13.3	4,913	24,846	–	–
Sukuk	13.2	–	438,528	–	438,528
Secured term loans	13.4	13,772	43,165	–	–
Finance lease liabilities	13.6	–	124,713	–	–
Revolving credits		1,748	2,000	1,748	2,000
		22,397	633,252	3,712	440,528
Total		125,687	633,252	18,248	440,528

13.1 Term loan - Islamic

In August 2019, the Group fully settled an existing term loan via refinancing with this Islamic term loan, amounting to RM16.5 million, which is repayable over a tenure of seven (7) years. The Islamic term loan is secured by a RM12.0 million security deposit (see Note 5) that is exchangeable in the form of a bank guarantee at any time during the tenure of the facility.

13. LOANS AND BORROWINGS (CONT'D)

13.2 Sukuk Murabahah

In the current financial year, the outstanding Sukuk was early redeemed and settled on 15 November 2019, following the successful completion of the Group's debt restructuring exercise. The early settlement has resulted in a loss of RM2.8 million (see Note 18).

Sukuk Murabahah of RM635.0 million was issued by the Company on 28 April 2016, and was constituted by a Trust Deed dated 8 April 2016 entered into by the Company and the Trustee for the holders of the Sukuk Murabahah. The tenure of the Sukuk Murabahah Programme was twelve (12) years from the date of the first issuance of the Sukuk Murabahah. The first tranche was issued for a period of five (5) years with a claim period of thirty (30) days thereafter from the date of issuance.

In relation thereto, Danajamin had granted and made available an Al-Kafalah Facility of up to the aggregate amount of the nominal value of the Sukuk Murabahah of RM635.0 million ("Danajamin Facility") and such amount equivalent to one (1) profit payment thereof and United Overseas Bank ("UOB") had agreed to indemnify and counter guarantee the Danajamin Facility for the nominal value of the Sukuk Murabahah of up to RM317.5 million and one (1) profit payment thereof to guarantee the Company's payment obligations to the holders of the Sukuk Murabahah.

In connection therewith, Danajamin, UOB and the Company had entered into an Al-Kafalah Facility Agreement dated 13 April 2016 and Danajamin had issued a Kafalah policy dated 25 April 2016 in favour of the Trustee for the holders of the Sukuk Murabahah to guarantee the payment obligations of the Company under the Sukuk Murabahah for up to the nominal value of the Sukuk Murabahah of RM635.0 million and one (1) profit payment thereof. The Sukuk Murabahah was:

(i) transferable and tradable;
(ii) not listed;
(iii) not underwritten; and
(iv) rated AAA by RAM Rating Services Berhad.

a) Primary bonds' repayment terms under the Sukuk Murabahah contract

Pursuant to the Islamic financing documents in relation to the Sukuk Murabahah, the Company was liable to pay the Deferred Sale Price (being the aggregate of (i) the nominal value of the Sukuk Murabahah and (ii) the profit margin of the relevant Sukuk Murabahah, payable on a deferred payment basis).

The Sukuk Murabahah issued by the Company was evidenced, amongst others, the entitlement of the holders of the Sukuk Murabahah to receive the Deferred Sale Price. The nominal value of the relevant Sukuk Murabahah for respective tenures based on the maturity dates was as follows:

Tranche	Nominal Value (RM)	Maturity Date
1	90,000,000	28 April 2017
2	90,000,000	27 April 2018
3	90,000,000	26 April 2019
4	90,000,000	28 April 2020
5	275,000,000	28 April 2021
Total	**635,000,000**	

Any non-payment of the nominal value on the maturity date would constitute a default under the Trust Deed.

13. LOANS AND BORROWINGS (CONT'D)

13.2 Sukuk Murabahah (Cont'd)

b) Secondary bonds/profit payment terms under the Sukuk Murabahah contract

The secondary bonds/profit payment was the amount calculated on the relevant outstanding Sukuk Murabahah based on the profit rates as follows:

Tranche	Profit Rate per annum (%)
1	4.30
2	4.45
3	4.60
4	4.75
5	4.90

In relation to each tranche of the Sukuk Murabahah, the date for payment of the periodic profit payments, shall be each date falling at the end of consecutive six (6) months' period commencing from the issue date until the maturity date of that tranche of Sukuk Murabahah.

Any non-payment would constitute a default under the Trust Deed.

c) Securities

The payment by the Company for up to the nominal value of the Sukuk Murabahah of RM635.0 million and one (1) profit payment thereof, in respect of the first issuance of the Sukuk Murabahah, was guaranteed by the Kafalah policy dated 25 April 2016 issued by Danajamin in favour of the Trustee.

The Al-Kafalah Facility Agreement granted by Danajamin was secured by:

(i) a charge over the Securities Accounts;
(ii) a charge over mortgages of the eleven (11) vessels via a third (3^{rd}) party first (1^{st}) priority statutory mortgage of the subsidiaries of the Company;
(iii) a charge over all money, revenue, receipts, proceeds or income in relation to the eleven (11) vessels;
(iv) a charge over all policies and contracts of insurance of vessel owners of the eleven (11) vessels; and
(v) a charge over the eleven (11) vessels of a third (3^{rd}) party deeds of covenant prescribed by the Trustee and executed by the vessel owners and the relevant corresponding mortgages as security for the payment and repayment of the Sukuk Murabahah.

d) Guarantee fee

Guarantee fee was payable to Danajamin at the rate of 1.55% per annum calculated on the guaranteed amount commencing the date of first (1^{st}) issuance of the Sukuk Murabahah, paid annually in advance.

During the year, the Company has made an early redemption on the outstanding Sukuk amount.

13. LOANS AND BORROWINGS (CONT'D)

13.3 Term loan - Commodity Murabahah Financing - I

On 8 October 2014, a subsidiary accepted a term loan facility denominated in United States Dollar (USD) with a nominal value of USD20,000,000 (equivalent to RM70,030,000).

This term loan was subject to floating interest rate and was being hedged by an interest rate swap as disclosed in Note 7 to the financial statements.

The interest rate is a swap arrangement that has been terminated in the current financial year.

The term loan has been restructured with a 4-year extension in tenure and revision in interest rate from LIBOR + 2.50% per annum to LIBOR +1.75% per annum during the financial year. The restructuring of this term loan has resulted in a gain of RM0.2 million (see Note 18).

13.4 Term loans

The term loans are secured by:

(i) fixed charge over certain vessels of the Group;
(ii) assignment and charges over insurance proceeds and revenue of certain vessels of the Group; and
(iii) security deposits placed in Retention Accounts.

During the financial year, the Group:

(a) fully settled the outstanding amount of one term loan and refinanced into a new Islamic term loan (Note 13.1). The refinancing has resulted in a gain of RM1.1 million (see Note 18);

(b) restructured a term loan with a tenure extension of 2 years and revision in interest rate from LIBOR + 3.90% per annum to LIBOR + 2.75% per annum. The restructuring of the term loan has resulted in a loss of RM0.7 million (see Note 18); and

(c) restructured a term loan with a tenure extension of 7 years and revision in interest rate from LIBOR + 2.50% per annum to LIBOR + 1.75% per annum. The restructuring of the term loan has resulted in a gain of RM1.5 million (see Note 18).

13.5 Significant covenants on loans and borrowings

The Group is also subject to the following significant loan covenants on loans and borrowings:

(i) book equity not less than USD100 million;
(ii) debt service coverage ratio of at least 1.5 times;
(iii) debt to net worth ratio of not greater than 3 times;
(iv) tangible net worth equal to or more than RM500 million;
(v) unencumbered cash not less than USD7 million or the equivalent in any other currency; and
(vi) total interest-bearing debts at no more than 2.5 times its book equity.

13. LOANS AND BORROWINGS (CONT'D)

13.5 Significant covenants on loans and borrowings (Cont'd)

As at 31 December 2018, the Group did not meet certain covenants of two term loans and had 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 were reclassified to current liabilities as at 31 December 2018.

13.6 Finance lease liabilities

Finance lease liabilities are payable as follows:

	2019			2018		
	Future minimum lease payments RM'000	**Interest RM'000**	**Present value of minimum lease payments RM'000**	**Future minimum lease payments RM'000**	**Interest RM'000**	**Present value of minimum lease payments RM'000**
Less than one year	–	–	–	137,091	12,378	124,713

During the financial year, a subsidiary of the Group acquired the entire equity interest of a special purpose vehicle which was its lessor, for a sum of USD1 (see Note 29). Arising from the acquisition, the Group's refundable deposits of RM46.0 million held by the lessor (see Note 5.2) has been deemed forfeited in exchange for the extinguishment of the lease payable to the lessor, resulting in a net gain from extinguishment of financial liabilities of RM18.8 million, which is included in finance income (see Note 18) in the statement of profit or loss and other comprehensive income.

14. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Trade					
Trade payables		32,153	34,982	–	–
Non-trade					
Amount due to a related company	14.1	216,876	206,713	216,418	205,045
Amount due to subsidiaries	14.2	–	–	231,366	193,611
Other payables		7,044	6,101	1,023	101
Accrued expenses		9,554	29,611	4,135	14,375
		233,474	242,425	452,942	413,132
Total		265,627	277,407	452,942	413,132

14. TRADE AND OTHER PAYABLES (CONT'D)

Group and Company

14.1 Included in amount due to a related company are unsecured advances of RM190.7 million (2018: RM190.7 million). They are subject to interest 6% (2018: 5.66%) per annum and payable on demand.

14.2 Amount due to subsidiaries are unsecured, interest free and payable on demand.

15. REVENUE

	2019 RM'000	2018 RM'000
Group		
Revenue from contracts with customers	8,167	184,132
Other revenue		
- Vessel charter income	221,680	–
- Mobilisation and demobilisation income	10,150	5,521
	239,997	189,653
Company		
Revenue from contracts with customers	1,476	1,524
Other revenue - Rental income	–	88
	1,476	1,612

15.1 Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by service line and timing of revenue recognition.

	2019 RM'000	2018 RM'000
Group		
Major service line		
Vessel charter income	–	181,563
Catering services	8,167	2,569
	8,167	184,132

15. REVENUE (CONT'D)

15.1 Disaggregation of revenue from contracts with customers (Cont'd)

	2019 RM'000	2018 RM'000
Timing of recognition		
Over time	–	181,563
At a point in time	8,167	2,569
	8,167	184,132

The Group's revenue from contracts with customers is derived from the marine support services segment, which is the sole reportable segment of the Group.

Company

Major service line		
Management services	1,476	1,524
Timing and recognition		
Over time	1,476	1,524

15.2 Nature of services

The following information reflects the typical transactions as follows:

Group

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms
Catering services	Revenue is recognised at a point in time when the services are performed and accepted by the customers.	Credit periods of 30 to 45 days from invoice date.
Vessel charter income	Revenue is recognised over time as and when the charter services are performed using the cost incurred method.	Credit periods of 30 to 45 days from invoice date.

15. REVENUE (CONT'D)

15.2 Nature of services (Cont'd)

The following information reflects the typical transactions as follows (Cont'd):

Company

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms
Management services	Revenue is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.	Credit periods of 30 to 45 days from invoice date.

16. OTHER INCOME/(EXPENSES)

Group

Included in other income are gain on foreign exchange of RM1.6 million (2018: RM17.3 million) and reversal of impairment losses on property, plant and equipment (Note 3.3) of RM11.9 million (2018: RM6.7 million) during the year.

Included in the other expenses is mainly loss on foreign exchange of RM0.5 million (2018: RM5.8 million) during the year.

Company

Included in other income is a gain on foreign exchange of RM0.3 million (2018: Nil) during the year, whereas a reversal of impairment loss on receivables of RM3.1 million was accounted for in the previous financial year.

Included in the other expenses is impairment loss on investments in subsidiaries of RM5.5 million (2018: RM5.0 million) during the year, whereas loss on foreign exchange of RM0.5 million was accounted for in the previous financial year.

17. RESULTS FROM OPERATING ACTIVITIES

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Results from operating activities is arrived at after charging/(crediting):					
Auditors' remuneration:					
- Audit fees					
- KPMG PLT		230	220	62	62
- others		4	5	–	–
- Non-audit fees					
- KPMG PLT		110	15	10	15
- affiliates of KPMG PLT		54	45	20	18
Material expenses/(income):					
Depreciation of property, plant and equipment	3	80,797	80,282	129	172
Impairment loss on financial assets at amortised cost		–	297	–	–
Impairment loss on investments in subsidiaries	4	–	–	5,504	4,965
Net loss on foreign exchange					
- realised		465	–	1	7
- unrealised		–	5,828	–	533
Personnel expenses (including key management personnel):					
- contributions to the Employees Provident Fund		590	562	73	68
- wages, salaries and others		54,288	46,229	629	583
Net gain on foreign exchange					
- realised		–	(17,305)	–	–
- unrealised		(1,564)	–	(324)	–
Reversal of impairment loss on property, plant and equipment	3	(11,945)	(6,705)	–	–
Rental income from subsidiaries		–	–	–	(88)
Reversal of impairment loss on financial assets at amortised cost		–	–	–	(3,130)
Expenses arising from leases:					
Expenses relating to short-term leases		34,567	–	169	–
Rental of premises		–	416	–	247

18. FINANCE INCOME/(COSTS)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Recognised in profit or loss				
Interest income of financial assets:				
- short term deposits	871	1,418	302	1,104
- accretion of refundable deposits	868	1,108	–	–
- subsidiaries	–	–	–	28,635
Net gain arising from extinguishment of financial liabilities via acquisition of a subsidiary (see Note 29)	18,778	–	–	–
Net gain on refinancing/ restructuring of loans and borrowings (see Notes 13.3 and 13.4)	2,047	–	–	–
	22,564	2,526	302	29,739
Interest/coupon expense of financial liabilities:				
- Sukuk (coupon)	(27,338)	(32,856)	(27,338)	(32,856)
- term loans	(6,731)	(4,179)	–	–
- finance lease liabilities	(3,969)	(9,155)	–	–
- revolving credits	(75)	(160)	(75)	(160)
- related company	(13,811)	(10,159)	(13,811)	(10,008)
- others	(494)	–	(489)	–
Loss on early redemption of Sukuk (Note 13.2)	(2,782)	–	(2,782)	–
	(55,200)	(56,509)	(44,495)	(43,024)
Net finance costs recognised in profit or loss	(32,636)	(53,983)	(44,193)	(13,285)

19. TAXATION

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Current tax expense				
Malaysian - current year	3,050	3,920	–	2,676
- prior years	7	276	217	282
Foreign - prior years	–	11	–	–
	3,057	4,207	217	2,958
Deferred taxation (Note 6)				
Origination and reversal of temporary differences				
- current year	4,403	(2,153)	–	–
- under/(over) provision in prior years	3,163	(65)	–	–
	7,566	(2,218)	–	–
Total taxation	10,623	1,989	217	2,958
Reconciliation of taxation				
Loss for the year	(23,004)	(40,910)	(59,600)	(22,095)
Total taxation	10,623	1,989	217	2,958
Loss excluding tax	(12,381)	(38,921)	(59,383)	(19,137)
Tax calculated using Malaysian tax rate of 24% (2018: 24%)	(2,972)	(9,341)	(14,252)	(4,593)
Tax effect under Labuan Business Activity Act 1990	2,103	1,632	–	–
Movement in unrecognised deferred tax assets	2,612	–	2,612	–
Non-deductible expenses	10,955	9,652	11,718	7,269
Non-taxable income	(5,245)	(176)	(78)	–
Under-provision in prior years	3,170	222	217	282
Total taxation	10,623	1,989	217	2,958

20. COMPENSATIONS TO KEY MANAGEMENT PERSONNEL

Compensations to key management personnel are as follows:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Executive Directors:				
- non-fee emoluments	605	449	605	449
Non-Executive Directors:				
- fee	388	456	388	456
- non-fee emoluments	34	36	34	36
	422	492	422	492
Total Directors' remuneration	1,027	941	1,027	941

21. LOSS PER ORDINARY SHARE

Basic loss per ordinary share

The calculation of basic loss per ordinary share at 31 December 2019 was based on the loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2019 RM'000	**2018 RM'000**
Loss attributable to ordinary shareholders	(23,004)	(40,910)
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January/Weighted average number of ordinary shares at 31 December ('000)	778,471	778,471
Basic loss per share (sen)	(2.95)	(5.26)

21. LOSS PER ORDINARY SHARE (CONT'D)

Diluted loss per ordinary share

The Company has issued and allotted 1,463,629,199 RCPS that are convertible to new ordinary shares of the Company during the financial year. As at the end of the reporting period, the entire amount of RCPS has yet to be converted to new ordinary shares of the Company and has not been included in the calculation of diluted loss per share because they are antidilutive for the period.

22. DIVIDEND

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

23. OPERATING SEGMENTS

The Group has one reportable segment as described below, which is the Group's strategic business unit. Operating segments are prepared in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM") in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their services provided.

The Group's reportable segment consists solely of marine offshore support services segment, which is the provision of vessels for the upstream oil and gas industry, ranging from towing, mooring and anchoring of non-self propelled marine vessels; transportation of drilling equipment, production chemicals and project materials to engineering and workshop facilities onboard.

The chief operating decision maker assesses the performance of the operating segments based on operating results which are measured in the same manner as those disclosed in the consolidated financial statements.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items.

Transfers between operating segments are at terms mutually agreed between the parties.

23. OPERATING SEGMENTS (CONT'D)

Group

	Marine offshore support services 2019 RM'000	Marine offshore support services 2018 RM'000
Segment profit/(loss)	42,132	(22,642)
Included in the measure of segment profit/(loss) are:		
Revenue from external customers	239,997	189,653
Inter-segment revenue	312,322	302,678
Depreciation and amortisation	(80,668)	(80,110)
Finance costs	(10,705)	(42,120)
Finance income	1,437	1,422
Reversal of impairment loss on property, plant and equipment	11,945	6,705
Unrealised foreign exchange gain/(loss)	1,876	(6,251)
Net gain arising from extinguishment of financial liabilities	18,778	–
Segment assets	1,173,093	1,328,501

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

	Marine offshore support services 2019 RM'000	Marine offshore support services 2018 RM'000
Profit or loss		
Total profit or loss for reportable segments	42,132	(22,642)
Other non-reportable segments	(59,383)	(19,136)
Elimination of inter-segment profits	4,870	2,857
Consolidated loss before tax	(12,381)	(38,921)

23. OPERATING SEGMENTS (CONT'D)

2019	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000
Total reportable segments	239,997	(80,668)	(10,705)	1,437	1,173,093
Other non-reportable segments	–	(129)	(44,495)	302	920,794
Elimination of inter-segment transactions or balances	–	–	–	–	(798,365)
Consolidated total	239,997	(80,797)	(55,200)	1,739	1,295,522
2018					
Total reportable segments	189,653	(80,110)	(42,120)	1,422	1,328,501
Other non-reportable segments	–	(172)	(43,024)	29,740	927,722
Elimination of inter-segment transactions or balances	–	–	28,635	(28,636)	(881,286)
Consolidated total	189,653	(80,282)	(56,509)	2,526	1,374,937

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments and deferred tax assets.

Geographical information

Group

	Revenue		Non-current assets	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Malaysia	239,997	189,653	1,151,953	1,254,164

23. OPERATING SEGMENTS (CONT'D)

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Revenue		Segment
	2019 RM'000	2018 RM'000	
All common control companies of:			
- Customer A	69,113	89,819	Marine offshore support service
- Customer B	118,671	54,207	Marine offshore support service
- Customer C	12,882	23,186	Marine offshore support service

24. FINANCIAL INSTRUMENTS

24.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Fair value through profit or loss ("FVTPL"); and
(b) Amortised cost ("AC").

	Note	Carrying amount RM'000	AC RM'000
2019			
Financial assets			
Group			
Deposits	5,10	14,641	14,641
Trade and other receivables	9	79,290	79,290
Cash and cash equivalents	11	37,561	37,561
Company			
Deposits	5,10	12,044	12,044
Trade and other receivables	9	22,278	22,278
Cash and cash equivalents	11	10,587	10,587

24. FINANCIAL INSTRUMENTS (CONT'D)

24.1 Categories of financial instruments (Cont'd)

	Note	Carrying amount RM'000	AC RM'000
Financial liabilities			
Group			
Loans and borrowings	13	(125,687)	(125,687)
Trade and other payables	14	(265,627)	(265,627)
Company			
Loans and borrowings	13	(18,248)	(18,248)
Trade and other payables	14	(452,942)	(452,942)

	Note	Carrying amount RM'000	FVTPL RM'000	AC RM'000
2018				
Financial assets				
Group				
Deposits	5,10	48,299	–	48,299
Trade and other receivables	9	50,066	–	50,066
Cash and cash equivalents	11	36,545	–	36,545
Derivative asset	7	78	78	–
Company				
Deposits	10	37	–	37
Trade and other receivables	9	884	–	884
Cash and cash equivalents	11	7,591	–	7,591
Financial liabilities				
Group				
Loans and borrowings	13	(633,252)	–	(633,252)
Trade and other payables	14	(277,407)	–	(277,407)
Company				
Loans and borrowings	13	(440,528)	–	(440,528)
Trade and other payables	14	(413,132)	–	(413,132)

24. FINANCIAL INSTRUMENTS (CONT'D)

24.2 Net gains and losses arising from financial instruments

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net gains/(losses) on:				
Loans and receivables	680	5,117	302	29,738
Financial liabilities at amortised cost	(32,216)	(47,623)	(44,171)	(43,563)
	(31,536)	(42,506)	(43,869)	(13,825)

24.3 Financial risk management

The Group and the Company are exposed to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(a) Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from its advances to subsidiaries. There are no significant changes as compared to prior year.

(i) Receivables from external parties

Risk management objectives, policies and processes for managing the risk

The principal customers of the Group are major oil and gas companies based in Malaysia. Management reviews the credit worthiness of all major counterparties prior to entering into any contract or transaction with them, to ensure the Group is not exposed to undue credit risk.

At each reporting date, the Group and the Company assess whether any of the trade receivables are credit impaired.

24. FINANCIAL INSTRUMENTS (CONT'D)

24.3 Financial risk management (Cont'd)

(a) Credit risk (Cont'd)

(i) Receivables from external parties (Cont'd)

Risk management objectives, policies and processes for managing the risk (Cont'd)

The Group uses an allowance matrix to measure expected credit losses ("ECLs") of trade receivables whereby invoices which are past due one (1) year will be considered as credit impaired. The Group assumes the increase in credit risk on a financial asset based on past due of one (1) year by considering the industry that the Group is operating in and that the customers are major players in the oil and gas industry, which demonstrates a more lagging default. The gross carrying amounts of credit impaired trade receivables are written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the trade receivable does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous financial year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statement of financial position.

There are no significant concentrations of credit risk as at the end of the reporting period other than trade receivables due from one (2018: two) counterparties amounting to RM27.5 million (2018: RM21.9 million).

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group monitors the aging of its trade receivables and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances.

The Group uses an allowance matrix to measure ECLs of trade receivables. Consistent with the debt recovery process, invoices which are past due one (1) year will be considered as credit impaired.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2019 which are grouped together as they are expected to have similar risk nature.

24. FINANCIAL INSTRUMENTS (CONT'D)

24.3 Financial risk management (Cont'd)

(a) Credit risk (Cont'd)

(i) Receivables from external parties (Cont'd)

Recognition and measurement of impairment losses (Cont'd)

Group

	Gross carrying amount RM'000	Lifetime ECL RM'000	Net balance RM'000
2019			
Current (not past due)	28,300	–	28,300
1-30 days past due	1,838	–	1,838
31-90 days past due	359	–	359
91-365 days past due	2,162	–	2,162
More than 365 days past due	297	(297)	–
	32,956	(297)	32,659
2018			
Current (not past due)	20,747	–	20,747
1-30 days past due	–	–	–
31-90 days past due	3,677	–	3,677
91-365 days past due	180	–	180
More than 365 days past due	297	(297)	–
	24,901	(297)	24,604

(ii) Deposits and cash and cash equivalents

Deposits and cash and cash equivalents are held with licensed banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These licensed banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

24. FINANCIAL INSTRUMENTS (CONT'D)

24.3 Financial risk management (Cont'd)

(a) Credit risk (Cont'd)

(iii) Other receivables

Credit risk on other receivables are mainly arising from the issuance and allotment of new redeemable convertible preference shares. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amount in the statement of financial position. As at the end of the reporting period, the Group and the Company did not recognised any allowance for impairment losses.

(iv) Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

Company provides unsecured advances to subsidiaries and monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Credit risk of the Company as at the end of the reporting period arose solely from the amount due from subsidiaries of RM1.5 million (2018: RM0.8 million) and third parties for the benefit of subsidiaries (Note 27.1).

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries as having low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers loans and advances to be in default when the subsidiaries are not able to pay when demanded.

The Company considers a subsidiary's loan or advance to be credit impaired when:

- the subsidiary is unlikely to repay its loan or advance to the Company in full; or
- the subsidiary's loan or advance is overdue for more than 365 days; or
- the subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances as at 31 December 2019.

24. FINANCIAL INSTRUMENTS (CONT'D)

24.3 Financial risk management (Cont'd)

(a) Credit risk (Cont'd)

(iv) Inter-company loans and advances (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

Company

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2019			
Low credit risk	1,454	–	1,454
2018			
Low credit risk	787	–	787

(v) Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to its holding company and certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made thereby to ensure that they are able to meet their obligations as they fall due.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM792.0 million (2018: RM193.2 million) representing the outstanding financial guarantees granted to the subsidiaries and third parties for the benefit of subsidiaries (Note 27.1) as at the end of the reporting period.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when the holding company or a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- the subsidiary is unlikely to repay its credit obligation to the bank in full; or
- the subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

24. FINANCIAL INSTRUMENTS (CONT'D)

24.3 Financial risk management (Cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings as well as financial guarantees given to banks for credit facilities granted to subsidiaries.

Risk management objectives, policies and processes for managing the risk

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

24. FINANCIAL INSTRUMENTS (CONT'D)

24.3 Financial risk management (Cont'd)

(b) Liquidity risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Note	Carrying amount RM'000	Contractual interest rate/ coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000
Group						
2019						
Term loan – Islamic		15,418	5.00	17,918	2,262	15,656
Term loan – Commodity Murabahah Financing - I		24,339	3.46	26,265	5,695	20,570
Secured term loans		84,182	3.44 - 4.53	93,549	16,869	76,680
Unsecured revolving credits		1,748	4.36	1,754	1,754	–
Trade and other payables		74,966	–	74,966	74,966	–
Amount due to a related company		190,661	6.00	202,101	202,101	–
Financial guarantees		–	–	682,500	682,500	–
		391,314		1,099,053	986,147	112,906
2018						
Sukuk		438,528	4.32 - 4.90	506,106	506,106	–
Term loan – Commodity Murabahah Financing - I		24,846	4.45	25,948	25,948	–
Secured term loans	24.3 (b)(i)	43,165	3.80 - 8.10	45,772	45,772	–
Finance lease liabilities		124,713	7.24 - 7.32	137,091	137,091	–
Unsecured revolving credits		2,000	4.66	2,002	2,002	–
Trade and other payables		86,746	–	86,746	86,746	–
Amount due to a related company		190,661	5.66	201,452	201,452	–
		910,659		1,005,117	1,005,117	–

24. FINANCIAL INSTRUMENTS (CONT'D)

24.3 Financial risk management (Cont'd)

(b) Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM'000	Contractual interest rate/ coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000
Company					
2019					
Term loan - Islamic	16,500	4.09	19,000	2,262	16,738
Unsecured revolving credits	1,748	4.36	1,754	1,754	–
Trade and other payables	262,281	–	262,281	262,281	–
Amount due to a related company	190,661	6.00	202,101	202,101	–
Financial guarantees	–	–	791,987	791,987	–
	471,190		1,277,123	1,260,385	16,738
2018					
Sukuk	438,528	4.32 - 4.90	506,106	506,106	–
Unsecured revolving credits	2,000	4.86	2,002	2,002	–
Trade and other payables	222,471	–	222,471	222,471	–
Amount due to a related company	190,661	5.66	201,452	201,452	–
Financial guarantees	–	–	193,202	193,202	–
	853,660		1,125,233	1,125,233	–

24.3 (b)(i) In the previous financial year, included in contractual cash flows of under 1 year were non-current portions of borrowings which had been reclassified to current liabilities as a result of breach of certain covenants and clause as stipulated in the agreement of the term loans and Sukuk respectively.

24. FINANCIAL INSTRUMENTS (CONT'D)

24.3 Financial risk management (Cont'd)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

(i) Currency risk

The Group is exposed to foreign currency risk on receivables, payables and borrowings that are denominated in a currency other than the respective functional currencies of group entities. The currencies giving rise to this risk are primarily United States Dollar (USD), Singapore Dollar (SGD) and Ringgit Malaysia (MYR).

Exposure to foreign currency risk

The Group's exposure to foreign currency risk attributable to currencies other than the functional currencies of group entities, based on the carrying amounts as at the end of the reporting period was:

		Denominated in	
Group	**USD RM'000**	**SGD RM'000**	**MYR RM'000**
2019			
Financial assets			
Trade and other receivables	–	–	2
Cash and cash equivalents	181	–	–
Intra-group balances	72,671	5,709	32,838
	72,852	5,709	32,840
Financial liabilities			
Trade and other payables	(345)	(4,998)	(44)
Intra-group balances	(269,379)	(40,228)	(54,096)
	(269,724)	(45,226)	(54,140)
Net currency exposure	(196,872)	(39,517)	(21,300)

24. FINANCIAL INSTRUMENTS (CONT'D)

24.3 Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(i) Currency risk (Cont'd)

Exposure to foreign currency risk (Cont'd)

		Denominated in	
Group	**USD RM'000**	**SGD RM'000**	**MYR RM'000**
2018			
Financial assets			
Trade and other receivables	594	324	1
Cash and cash equivalents	242	70	–
Intra-group balances	80,355	5,930	44,707
	81,191	6,324	44,708
Financial liabilities			
Trade and other payables	(1,269)	(5,626)	(5)
Intra-group balances	(239,548)	(40,485)	(39,505)
	(240,817)	(46,111)	(39,510)
Net currency exposure	(159,626)	(39,787)	5,198

24. FINANCIAL INSTRUMENTS (CONT'D)

24.3 Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(i) Currency risk (Cont'd)

Exposure to foreign currency risk (Cont'd)

	USD RM'000	SGD RM'000
Company		
2019		
Financial liabilities		
Trade and other payables	(44,800)	(21,411)
Net currency exposure	(44,800)	(21,411)
2018		
Financial assets		
Cash and cash equivalents	11	–
Financial liabilities		
Trade and other payables	(51,589)	(21,657)
Net currency exposure	(51,578)	(21,657)

Currency risk sensitivity analysis

A 10% (2018: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) pre-tax profit or loss by the amounts shown below. The analysis assumes that all other variable, in particular interest rates, remained constant.

24. FINANCIAL INSTRUMENTS (CONT'D)

24.3 Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(i) Currency risk (Cont'd)

Currency risk sensitivity analysis (Cont'd)

	2019		2018	
	Equity RM'000	Profit or loss RM'000	Equity RM'000	Profit or loss RM'000
Group				
USD	19,687	19,687	15,963	15,963
SGD	3,952	3,952	3,979	3,979
RM	2,130	2,130	(520)	(520)
Company				
USD	4,480	4,480	5,158	5,158
SGD	2,141	2,141	2,166	2,166

A 10% (2018: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(ii) Interest rate risk

The Group's fixed rate deposits and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group monitors its exposure to changes in interest rates on a regular basis.

Borrowings are negotiated with a view to securing the best possible terms, including interest rates, to the Group.

24. FINANCIAL INSTRUMENTS (CONT'D)

24.3 Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on the carrying amounts as at the end of the reporting period was:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed rate instruments				
Financial assets				
- deposits placed with licensed banks	19,867	33,769	9,800	7,183
Financial liabilities				
- finance lease liabilities	–	(124,713)	–	–
- Sukuk	–	(438,528)	–	(438,528)
- Term loan - Islamic	(15,418)	–	(16,500)	–
- advances from a related company	(190,661)	(190,661)	(190,661)	(190,661)
	(186,212)	(720,133)	(197,361)	(622,006)
Floating rate instruments				
Financial liabilities				
- Term loan – Commodity Murabahah Financing - I	(24,339)	(24,846)	–	–
- term loans	(84,182)	(43,165)	–	–
- revolving credits	(1,748)	(2,000)	(1,748)	(2,000)
	(110,269)	(70,011)	(1,748)	(2,000)

24. FINANCIAL INSTRUMENTS (CONT'D)

24.3 Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bps) in interest rates at the end of the reporting period would have (decreased)/increased pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2019 Profit or loss		2018 Profit or loss	
	100bps increase RM'000	**100bps decrease RM'000**	**100bps increase RM'000**	**100bps decrease RM'000**
Group				
Floating rate instruments	(1,103)	1,103	(700)	700
Company				
Floating rate instruments	(17)	17	(20)	20

(iii) Equity price risk

The Group does not have any quoted investment and hence is not exposed to equity price risk.

24. FINANCIAL INSTRUMENTS (CONT'D)

24.4 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term deposits and borrowings approximate fair value due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments < ----------- carried at fair value ----------- >				Fair value of financial instruments < -------- not carried at fair value -------- >					
2019	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Total fair value RM'000**	**Carrying amount RM'000**
Group										
Financial assets										
Deposits	–	–	–	–	–	–	12,000	12,000	12,000	12,000
Financial liabilities										
Term loan - Islamic (non-current)	–	–	–	–	–	–	(13,454)	(13,454)	(13,454)	(13,454)
Term loan – Commodity Murabahah Financing - I (non-current)	–	–	–	–	–	–	(19,426)	(19,426)	(19,426)	(19,426)
Secured term loans (non-current)	–	–	–	–	–	–	(70,410)	(70,410)	(70,410)	(70,410)
Company										
Financial liabilities										
Term loan - Islamic (non-current)	–	–	–	–	–	–	(14,536)	(14,536)	(14,536)	(14,536)
2018										
Group										
Financial assets										
Deposits	–	–	–	–	–	–	46,043	46,043	46,043	46,043
Derivative asset	–	78	–	78	–	–	–	–	78	78

24. FINANCIAL INSTRUMENTS (CONT'D)

24.4 Fair value information (Cont'd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Derivative

The fair value of interest rate swap is estimated by discounting the net cash flows between the floating interest payable and the fixed interest receivable over the tenure of the swap using a risk-free interest rate (based on government bonds).

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2018: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Fair values of financial instruments not carried at fair value

Type	**Description of valuation technique and inputs used**
Group	
Deposits	Discounted cash flows using a rate of 1.51% at the previous reporting date.
Term loan - Islamic	Discounted cash flows using a rate of 5.00% (2018: Nil) at the reporting date.
Term loan - Commodity Murabahah Financing - I	Discounted cash flows using a rate of 3.46% (2018: Nil) at the reporting date.
Secured term loans	Discounted cash flows using a rate of 4.00% (2018: Nil) at the reporting date.

24. FINANCIAL INSTRUMENTS (CONT'D)

24.4 Fair value information (Cont'd)

Level 3 fair value (Cont'd)

Fair values of financial instruments not carried at fair value (Cont'd)

Type	Description of valuation technique and inputs used
Company	
Term loan - Islamic	Discounted cash flows using a rate of 4.09% (2018: Nil) at the reporting date.

25. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain the confidence of investors, creditors and other stakeholders in the Group and to sustain the future development of its businesses.

There were no changes in the Group's approach to capital management during the financial year.

26. CAPITAL EXPENDITURE COMMITMENTS

	Group	
	2019 RM'000	**2018 RM'000**
Property, plant and equipment		
Approved but not contracted for	13,000	–

27. CONTINGENT LIABILITIES

27.1 The Directors are of the opinion that provision is not required in respect of the following corporate guarantees as it is not probable as at the end of the reporting period that a future sacrifice of economic benefits will be required:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Contingent liabilities not considered remote				
Corporate guarantees favouring banks for facilities granted to:				
- holding company (Note 30.3)	682,500	–	682,500	–
- subsidiaries	–	–	109,487	193,202
	682,500	–	791,987	193,202

27.2 Further to the conclusion of a tax audit conducted for year of assessment ("YA") 2007 to YA 2010, the Inland Revenue Board ("IRB") has requested the Company to revise its tax computations for YA 2011 and subsequent years. The Company engaged a tax consultant to assist in the matter and assess the tax impacts thereof. In February 2017, the Company responded to the IRB that it disagreed with applying the same computation method used for the earlier tax audit exercise based on reasonable technical grounds.

27.3 During the current financial year, IRB has requested a subsidiary to furnish documents relating to YA 2015 to YA 2017. The subsidiary has engaged a tax consultant to assist in the matter and has responded to the IRB's request. The tax audit findings have resulted in a tax adjustment of RM2.2 million for the current financial year ended. The subsidiary may need to provide for additional tax payable, if any, arising from any revision of the tax computations for YA 2015 to YA 2017. The financial impact from the tax audit by the IRB is not determinable at this juncture.

27.4 In addition to the above, the IRB also conducted an audit of the Company and several subsidiaries of the Group for years of assessment varying from YA 2011 to YA 2018. The Group has engaged a tax consultant to assist in the matter and has responded to the IRB on its enquiries. The Group is currently awaiting further response from the IRB. The financial impacts from the tax audits by the IRB are not determinable at this juncture.

28. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, a party is considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

28. RELATED PARTIES (CONT'D)

Identity of related parties (Cont'd)

Significant related party transactions, other than compensations to key management personnel (see Note 20) and those disclosed elsewhere in the financial statement, are as follows:

Transactions with subsidiaries

	Company	
	2019 RM'000	**2018 RM'000**
Rental income	–	(88)
Management fees income	(1,476)	(1,524)
Interest income	–	(28,636)

Transaction with related companies

	Group	
	2019 RM'000	**2018 RM'000**
Charter income	(79,917)	(111,250)
Mobilisation and demobilisation income	(2,745)	(2,240)
Interest expenses	13,811	10,159
Rental expenses	340	170

	Company	
	2019 RM'000	**2018 RM'000**
Rental expenses	61	31
Interest expenses	13,811	10,008

The balances related to the above transactions are disclosed in Notes 9 and 14 to the financial statements.

Related party transactions are based on negotiated terms. All the amounts outstanding are unsecured and expected to settle in cash.

29. ACQUISITION OF A SUBSIDIARY

On 23 May 2019, the Company announced that its wholly-owned subsidiary, Perdana Jupiter Ltd. ("PJL") entered into a Share Sale Agreement with NFC Shipping Fund (LLC) to acquire 2,650,000 ordinary shares representing 100% of the issued and paid up share capital of USD2,706,400 in Mount Santubong Ltd. ("MSL") for a total cash consideration of USD1 (equivalent to RM4.18). The said acquisition was completed on 5 July 2019 and MSL has become a wholly-owned subsidiary of PJL. The acquisition of MSL does not constitute a business combination pursuant to MFRS 3, *Business Combinations*. Accordingly, the acquisition has been accounted for as an acquisition of assets and liabilities giving rise to a net gain on acquisition of USD4.5 million (equivalent to RM18.8 million).

30. SIGNIFICANT EVENTS DURING THE YEAR

30.1 Material Litigation

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 Plaintiffs' claim against the Company for the cost incurred on an indemnity basis in defending the suits (and the appeals emanated therefrom) since 2009. In September 2019, the Company paid the total amount to the Plaintiffs including the costs and the allocator fee of RM2,652,447.13, which has been recognised in the financial statements in the current financial year.

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.

The Company has received the ground of judgment from the High Court in January 2020 and all the parties have agreed that the Company would file its supplementary record of appeal in the Court of Appeal by 2 March 2020.

The appeal came up for e-review on 13 February 2020 and the Court of Appeal has fixed the appeal for further e-review on 5 March 2020 for the Company to update the Court of Appeal on the status of filing of the said supplementary record of appeal. As at the end of the reporting period, the hearing date for the appeal has not been fixed.

30. SIGNIFICANT EVENTS DURING THE YEAR (CONT'D)

30.2 Group debt restructuring exercise

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"). The CDRC Approval Letter as well as a Standstill Letter was issued by CDRC to the Lenders of the Applicant Companies on 2 July 2018.

This admission to CDRC was 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 was a follow-on from the Company's previous successful cost rationalisation initiative which has had a positive impact on the Company's financials.

The role of CDRC, which is under the purview of Bank Negara Malaysia, was to mediate between Applicant Companies and their respective Financiers to renegotiate their respective financing facilities that could 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.

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

A final CDRC meeting was held on 28 January 2019 to provide milestone updates and propose scheme enhancement to all Lenders.

On 16 December 2019, the debt restructuring exercise had been completed and the Company and its subsidiaries are officially discharged from CDRC's purview.

Summarised below are the salient outcome of the Group's restructured borrowings:

i) The outstanding Sukuk of RM365 million was early redeemed and settled on 15 November 2019 via an advance from Dayang Enterprise Holdings Berhad ("Dayang") pursuant to the issuance of Dayang Sukuk Programme (see Note 13.2) and the said advance was subsequently set-off against the RCPS subscribed and allotted to Dayang under the Set-Off Arrangement (see Note 30.3);

ii) Three (3) term loans were restructured with extensions in tenures and revision in interest rates (see Notes 13.3 and 13.4); and

iii) An existing term loan was fully settled and refinanced via an Islamic term loan amounting to RM16.5 million (see Note 13.1).

30. SIGNIFICANT EVENTS DURING THE YEAR (CONT'D)

30.3 Rights Issue of Redeemable Convertible Preference Shares, Amendments to the Company's Constitution and Provision of Financial Assistance

As part of the group-wide debt restructuring exercise, the Company had on 17 May 2019 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 Holders") 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 Proposed Rights Issue of RCPS entailed the issuance of the RCPS to all the entitled shareholders of the Company. Dayang being the holding company and a major shareholder of the Company undertook to subscribe for the RCPS up to the value of RM455.0 million ("Undertaking"). However, should all the Entitled Holders and/or their renouncee(s) subscribe in full for their respective entitlements under the Proposed Rights Issue of RCPS, the Company might potentially raise maximum gross proceeds of up to RM506.0 million, of which approximately of RM149.0 million of this proceeds to be raised would be utilised to partially repay the remaining advances owing by the Company to Dayang.

With the implementation of the Proposed Rights Issue of RCPS, it would allow the Company to set off part of Dayang's advances against the subscription monies due from Dayang pursuant to the Undertaking ("Set-Off Arrangement"). The repayment via the Set-Off Arrangement would reduce the liabilities of the Group without any cash outflow which was expected to improve the financial position of the Group and place it on a stronger financial footing.

In addition, Dayang on the other hand proposed to undertake an unrated Islamic medium term notes of up to RM682.5 million in nominal value under a Sukuk Murabahah programme ("Dayang Sukuk Programme"). Such programme would give Dayang Group the avenue to restructure and reschedule their debt obligations so as to strengthen the financial position of the Dayang Group whereby part of the Dayang Sukuk Programme proceeds would be utilised for the early redemption of the Company's Sukuk Murabahah (refer Note 13.2). As such, the Company had on 22 July 2019 announced and proposed to provide financial assistance to Dayang in the form of corporate guarantees, indemnities and/ or collaterals for the Dayang Sukuk Programme, up to an aggregate amount of RM682.5 million ("Proposed Provision of Financial Assistance") (see Note 27).

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

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

30. SIGNIFICANT EVENTS DURING THE YEAR (CONT'D)

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

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

On 22 November 2019, the Company resolved to fix the following:

a) The entitlement basis for the Rights Issue of RCPS at 2 RCPS for every 1 of the ordinary share held on the entitlement date.
b) The issue price of the RCPS at RM0.325 per RCPS.
c) The conversion price of the RCPS at RM0.325 per RCPS and the conversion ratio at 1 new ordinary share for every 1 RCPS held.

On 30 December 2019, the Company announced that as at the close of acceptance, excess application and payment for the Rights Issue of the RCPS, the total valid acceptances and the total valid excess applications for the Rights Issue of RCPS were 1,463,629,199 RCPS, which represented a subscription of 94.01% over the total number of up to 1,556,941,898 RCPS available for subscription under the Rights Issue of RCPS.

On 31 December 2019, the Company has successfully issued and allotted 1,463,629,199 RCPS at RM0.325 per RCPS arriving at a total amount of RM475,679,490 raised (see Note 12.2).

31. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Group and the Company adopted MFRS 16.

Definition of a lease

On transition to MFRS 16, the Group and the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

The Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application at 1 January 2019, if any. There are no adjustments made to the prior period presented, i.e. comparatives are presented as previously reported under MFRS 117, *Leases* and its related interpretations. The adoption of MFRS 16 has not resulted in any material financial effect to the Group and the Company.

32. SIGNIFICANT EVENT AFTER REPORTING PERIOD

On 11 March 2020, the World Health Organisation declared the coronavirus (Covid-19) outbreak a global pandemic since it has affected various countries around the world including Malaysia. The government of Malaysia imposed a Movement Control Order ("MCO") since 18 March 2020, which lasted for a period of time. The Covid-19 pandemic has resulted in disruptions to businesses and various macro-economic impacts. The rapid spread of the virus has weakened both the global and local economic outlook, as well as resulted in various business disruptions.

The Group and the Company considers this outbreak to be a non-adjusting post balance sheet event as it was not a condition that existed as at the reporting date. Accordingly, the current conditions arising from this outbreak do not have an impact on the amounts reported for the financial year ended 31 December 2019.

As at the date the financial statements are authorised for issuance, the current situation is still unpredictable. As a result, it is not practicable for the Group and the Company to estimate the financial effect of this outbreak at this juncture. If the situation does not improve over time, the Group anticipates that the assumptions used to estimate the recoverable amount for marine vessels may have to be revised to better reflect current conditions. In addition, the Group and the Company also anticipate that revenue may be affected in a prolonged situation, as well as tightening of liquidity for the Group and the Company.

STATEMENT BY **DIRECTORS**
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 69 to 161 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Datuk Ling Suk Kiong
Director

Bailey Kho Chung Siang
Director

Kuala Lumpur,

Date: 15 May 2020

STATUTORY **DECLARATION**
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Datuk Ling Suk Kiong**, the Director primarily responsible for the financial management of Perdana Petroleum Berhad, do solemnly and sincerely declare that the financial statements set out on pages 69 to 161 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **Datuk Ling Suk Kiong**, at Kuala Lumpur in the Federal Territory on 15 May 2020.

Datuk Ling Suk Kiong

Before me:

Eric C.S. Khoo (Roll No.149)
Pesuruhjaya Sumpah

INDEPENDENT AUDITORS' **REPORT**
TO THE MEMBERS OF PERDANA PETROLEUM BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Perdana Petroleum Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 69 to 161.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INDEPENDENT AUDITORS' REPORT
to the members of Perdana Petroleum Berhad
(CONTINUED)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Use of going concern basis in the preparation of financial statements
Refer to Note 1(b) (basis of preparation).

Key audit matter	How our audit addressed the key audit matter
The Group and the Company have prepared their financial statements on a going concern basis, notwithstanding that the Group's and Company's current liabilities exceeded the current assets by RM163.4 million and RM421.3 million respectively as at the end of the current financial year. Furthermore, the Group and the Company recorded net losses of RM23.0 million and RM60.7 million respectively for the current financial year ended 31 December 2019. The above gives rise to concerns about whether the Group and the Company have sufficient cash flows to meet their obligations for the next twelve months from the end of the reporting period. As disclosed in Note 1(b) to the financial statements, the above conditions were mitigated by the holding company agreeing to provide continuous financial backing to support the Group and the Company to meet their obligations when due, as well as, the future profitability and cash flows of the Group and the Company with continuous synergy with its holding company. Accordingly, the Directors believe that there is no material uncertainty that exists and the preparation of the financial statements of the Group and the Company on the going concern basis is appropriate.	Our audit procedures included, amongst others: ii) We considered the ability of the Group and of the Company to continue as going concern and meet their obligations for the next twelve months from the date of financial statements based on the budgeted cash flows prepared by management for the said period, by evaluating the management's plans for future actions. ii) We also considered the adequacy of disclosures made by management regarding the significant judgement exercised in determining the appropriateness of using the going concern basis in the preparation of the financial statements.

Key Audit Matters (Cont'd)

2. Valuation of marine vessels
Refer to Note 2(d) (accounting policy) and Note 3.3 (financial disclosures).

Key audit matter	How our audit addressed the key audit matter
The Group's main customers are from oil and gas companies involved in upstream exploration activities. The volatility in crude oil prices in 2019 have continued to affect the business activities of the industry in which the Group operates. As a result, the Group has been facing challenges in achieving high charter hires for the Group's marine vessels for the current financial year ended. This is evidenced by the consecutive losses incurred by the Group for the financial years ended 2015 to 2019. This gives rise to the risk that the carrying amounts of the Group's marine vessels might be stated above their recoverable amounts, and therefore had to be impaired. As disclosed in Note 3.3 to the financial statements, the estimation of recoverable amounts involved forecasting and discounting future cash flows to be generated by the respective marine vessels. This was a key audit matter due to the degree of management judgement involved and assumptions of future events that are inherently uncertain. Changes in judgements and the related estimates throughout the useful lives of the marine vessels could result in material adjustments to the carrying amounts of marine vessels, which can either be positive or negative. As a result of this assessment, a net reversal of impairment loss of RM11.9 million was recognised for the current financial year ended 31 December 2019.	Our audit procedures included, amongst others: i) We evaluated the key assumptions (i.e. vessel utilisation rates, daily charter rates, daily operating costs, growth rates, salvage value and discount rate) used by management by considering the accuracy of the Group's past forecasts and future business plans, including any long-term charter hires already contracted by the Group. ii) We also considered the adequacy of the Group's disclosures about the key assumptions to which the outcome of the impairment assessment was most sensitive.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

to the members of Perdana Petroleum Berhad
(CONTINUED)

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

As part of an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (Cont'd):

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 4 to the financial statements.

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chong Chen Kian
Approval Number: 03232/02/2022 J
Chartered Accountant

Kuching,

Date: 15 May 2020

ANALYSIS OF **SHAREHOLDINGS**
AS AT 30 APRIL 2020

ORDINARY SHARE CAPITAL

Total issued and fully paid ordinary shares	:	2,208,650,427 units
Voting rights	:	One vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	Percentage of Shareholders	No. of Shares Held	Percentage of Issued Capital
1 - 99	1,435	11.909	51,708	0.002
100 - 1,000	1,807	14.997	976,672	0.044
1,001 - 10,000	4,361	36.193	22,024,986	0.997
10,001 - 100,000	3,576	29.678	134,752,265	6.101
100,001 to less than 5% of the issued shares	869	7.212	638,484,846	28.908
5% and above of issued shares	1	0.008	1,412,359,950	63.946
	12,049	100.00	2,208,650,427	100.00

DIRECTORS' SHAREHOLDINGS

No.	Directors	Direct Interest	%	Deemed Interest	%
1.	DATUK LING SUK KIONG	97	0.00	1,412,390,042	63.95#
2.	ALIAS BIN MAT LAZIN	149,477	0.01	–	–
3.	BAILEY KHO CHUNG SIANG	181,200	0.01	211,400	0.01@
4.	DATUK DR ABD HAPIZ BIN ABDULLAH	–	–	–	–
5.	DATUK MOHD JAFNI BIN MOHD ALIAS	–	–	–	–
6.	DATO' GERALD HANS ISAAC	–	–	–	–
7.	CHIN CHEE KONG	–	–	–	–
8.	DATUK HASMI BIN HASNAN	290,202	0.01	1,489,346,379	67.43#
9.	EMILY HII SAN SAN *(Alternate Director To Datuk Hasmi Bin Hasnan)*	38	0.00	–	–

Notes:

@ *Deemed interested pursuant to Section 59(11)(c) of the Companies Act 2016*
# *Deemed interested pursuant to Section 8 of the Companies Act 2016*

SHARES IN RELATED CORPORATION

By virtue of Datuk Ling Suk Kiong and Datuk Hasmi bin Hasnan's interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016, they are deemed to have an interest in the ordinary shares of the related corporations that are wholly owned by the Company.

ANALYSIS OF SHAREHOLDINGS
as at 30 April 2020
(CONTINUED)

THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DAYANG ENTERPRISE HOLDINGS BHD	1,412,359,950	63.946
2.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NAIM HOLDINGS BERHAD (PB)	39,840,429	1.803
3.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD – KENANGA GROWTH FUND	35,651,400	1.614
4.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD TA DYNAMIC ABSOLUTE MANDATE	27,031,900	1.223
5.	NAIM HOLDINGS BERHAD	24,915,000	1.128
6.	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM MAYBANK)	18,000,000	0.814
7.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)	14,650,500	0.663
8.	NAIM HOLDINGS BERHAD	12,231,000	0.553
9.	TASEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR TA INVESTMENT MANAGEMENT BERHAD (CLIENTS)	10,994,600	0.497
10.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	10,844,700	0.491
11.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD – KENANGA SYARIAH GROWTH FUND	10,820,200	0.489
12.	HUANG TIONG SII	10,000,000	0.452
13.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH BOON POH	9,500,000	0.430
14.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH OPPORTUNITIES FUND	9,456,600	0.428
15.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND	9,110,700	0.412
16.	CHEHAN PRASANNA RICHARD PERERA	8,000,000	0.362

ANALYSIS OF SHAREHOLDINGS
as at 30 April 2020
(CONTINUED)

THIRTY LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	%
17.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD – KENANGA MALAYSIAN INC FUND	7,876,900	0.356
18.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAK TIAN MENG	7,788,400	0.352
19.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BONG LEE MIN	7,000,000	0.316
20.	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YOKE FONG @ WONG NYOK FING (M)	7,000,000	0.316
21.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD TA ISLAMIC FUND	6,860,000	0.310
22.	WONG YOKE FONG @ WONG NYOK FING	6,400,000	0.289
23.	KOH POH ENG	5,901,455	0.267
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PACIFIC PEARL FUND (UT-PM-PPF)	3,785,100	0.171
25.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUEK SEE KUI	3,699,800	0.167
26.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HENG YONG KANG@ WANG YONG KANG	3,619,800	0.163
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR MAYBANK ASSET MANAGEMENT SDN BHD (RESIDENT)	3,584,715	0.162
28.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAK TIAN MENG	3,210,200	0.145
29.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR TA DANA OPTIMIX	3,040,000	0.137
30.	LEONG ONN CHOY	3,000,027	0.135

SUBSTANTIAL SHAREHOLDERS

	Name of Shareholders	Direct Interest	%	Deemed Interest	%
1.	DAYANG ENTERPRISE HOLDINGS BHD	1,412,359,950	63.95	–	–
2.	NAIM HOLDINGS BERHAD	76,986,429	3.49	1,412,359,950	63.95
3.	DATUK LING SUK KIONG	97	0.00	1,412,390,042	63.95
4.	YM TENGKU DATO' YUSOF BIN TENGKU AHMAD SHAHRUDDIN	–	–	1,412,359,950	63.95
5.	DATUK HASMI BIN HASNAN	290,202	0.013	1,489,346,379	67.43
6.	JOE LING SIEW LOUNG @ LIN SHOU LONG	–	–	1,412,390,139	63.95
7.	DATUK AMAR ABDUL HAMED BIN SEPAWI	–	–	1,489,346,379	67.43

ANALYSIS OF **RCPS SHAREHOLDINGS**
AS AT 30 APRIL 2020

REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS")

Total issued and fully paid RCPS	:	1,463,629,199 units
Balance of RCPS not converted	:	33,449,721 units
Voting rights	:	No voting rights at Annual General Meeting
Conversion Price	:	RM0.325
Redemption Tenure	:	10 years (expiring on 30 December 2029)

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of RCPS Holders	Percentage of RCPS holders	No. of RCPS Held	Percentage of Issued RCPS Capital
1 - 99	30	2.873	1,163	0.003
100 - 1,000	110	10.536	65,449	0.195
1,001 - 10,000	471	45.114	2,347,054	7.016
10,001 - 100,000	381	36.494	12,700,064	37.967
100,001 to less than 5% of the issued holdings	51	4.885	16,135,991	48.239
5% and above of issued holdings	1	0.095	2,200,000	6.577
	1,044	100.00	33,449,721	100.00

DIRECTORS' RCPS SHAREHOLDINGS

No.	Directors	Direct Interest	%	Deemed Interest	%
1.	DATUK LING SUK KIONG	–	–	–	–
2.	BAILEY KHO CHUNG SIANG	–	–	422,800	1.26[@]
3.	ALIAS BIN MAT LAZIN	–	–	–	–
4.	DATUK DR ABD HAPIZ BIN ABDULLAH	–	–	–	–
5.	DATUK MOHD JAFNI BIN MOHD ALIAS	–	–	–	–
6.	DATO' GERALD HANS ISAAC	–	–	–	–
7.	CHIN CHEE KONG	–	–	–	–
8.	DATUK HASMI BIN HASNAN	–	–	–	–
9.	EMILY HII SAN SAN *(Alternate Director To DATUK HASMI BIN HASNAN)*	–	–	–	–

Notes:

@ *Deemed interested pursuant to Section 59(11)(c) of the Companies Act 2016*

ANALYSIS OF RCPS SHAREHOLDINGS
as at 30 April 2020
(CONTINUED)

THIRTY LARGEST RCPS HOLDERS

No.	Name of Shareholders	No. of RCPS	%
1.	MOHAMED YUNUS RAMLI BIN ABBAS	2,200,000	6.577
2.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUNG VUI KONG	1,557,672	4.656
3.	CHAY CHEE KEN	1,000,116	2.989
4.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM MOOI TEAN	1,000,000	2.989
5.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KIM CHONG	950,000	2.840
6.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY CHOON WEI	800,000	2.391
7.	PASCILLA TAN YUNG CHENG	545,000	1.629
8.	CHUNG VUI KONG	500,000	1.494
9.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW JON LAN	460,000	1.375
10.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG SENG FOO	430,000	1.285
11.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR CHING HENG FOOK	400,000	1.195
12.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUEK SEE KUI	397,300	1.187
13.	TAN SIEW BEE	392,600	1.173
14.	TAN CHWEE LYE	387,556	1.158
15.	QUEK SEE KUI	379,300	1.133
16.	TANG LUNG TECK	367,336	1.098

ANALYSIS OF RCPS SHAREHOLDINGS
as at 30 April 2020
(CONTINUED)

THIRTY LARGEST RCPS HOLDERS (CONT'D)

No.	Name of Shareholders	No. of RCPS	%
17.	HEE KUANG SIONG	295,472	0.883
18.	OOI KOK KEE	280,000	0.837
19.	LIM NGUAN HAI	260,000	0.777
20.	LOI KIM CHON	250,000	0.747
21.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONE YOON SENG	250,000	0.747
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RICHARD TEO CHOK TECK	240,000	0.717
23.	YONG YUE POH	230,000	0.687
24.	TAN CHEN SIEW	214,988	0.642
25.	RAMLA RAZA MUHAMMAD RAZA - UL - HAQ	202,000	0.603
26.	CHUNG VUI KONG	200,000	0.597
27.	LEE TEIK MING	200,000	0.597
28.	LUM SOOK MING	200,000	0.597
29.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG NGA ING	200,000	0.597
30.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHEE SING	200,000	0.597

SUBSTANTIAL RCPS HOLDERS

None of the Substantial Shareholders (as disclosed on page 171) holds any RCPS as at 30 April 2020.

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth Annual General Meeting ("24th AGM") of the Company will be held at **Tricor Leadership Room**, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue") on **22 June 2020 (Monday) at 10.00 a.m.** and conducted entirely through live streaming from the Broadcast Venue for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 and the Reports of the Directors and Auditors thereon.

2. To approve the payment of Directors' Fees of RM388,000.00 for the financial year ended 31 December 2019. ***Resolution 1***

3. To approve the payment of meeting allowance of RM500.00 per meeting for attendance of each Non-Executive Director from May 2020 until the next AGM. ***Resolution 2***

4. To re-elect the following Directors who are retiring pursuant to the following Articles in Company's Constitution:

   4.1 Mr Bailey Kho Chung Siang (Article 110) ***Resolution 3***
   4.2 En Alias bin Mat Lazin (Article 110) ***Resolution 4***
   4.3 Datuk Dr Abd Hapiz bin Abdullah (Article 110) ***Resolution 5***
   4.4 Pn Siti Nur Binti Mokhtar (Article 116) ***Resolution 6***

5. To re-appoint KPMG PLT as Auditors and to authorise the Board of Directors to fix their remuneration. ***Resolution 7***

SPECIAL BUSINESS

6. To consider and if thought fit, pass the following ordinary resolutions:

   6.1 Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 ***Resolution 8***

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act") and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 20% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next AGM of the Company."

NOTICE OF ANNUAL GENERAL MEETING
(CONTINUED)

6.2 Proposed Renewal of Existing Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature. ***Resolution 9***

"THAT approval be and is hereby given to the Company and/or its subsidiaries ("PPB Group" or "the Group") to enter into and to give effect to renew the existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature as specified in Section 2.3.2 of the Circular to Shareholders dated 28 May 2020 ("the Circular"), provided that such arrangements and/or transactions which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders of the Company (hereinafter referred to as the "Proposed Shareholders' Mandate");

THAT the Proposed Shareholders' Mandate shall only continue to be in force until:

(i) the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at the said AGM, the authority is renewed;

(ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340 of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340 of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is earlier.

THAT, the estimates given on the recurrent related party transactions specified in Section 2.3.2 of the Circular being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review procedures set out in Section 2.4 of the Circular and the aggregate value of the Recurrent Related Party Transactions be disclosed in the Annual Report of the Company.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Shareholders' Mandate."

By Order of the Board,

LEONG OI WAH
MAICSA 7023802
SSM Practicing Certificate No. 201908000717
Company Secretary
28 May 2020

IMPORTANT NOTICE ON REMOTE PARTICIPATION AND VOTING:

1. In view of the social distancing requirements under the Movement Control Order (MCO) that was issued following the Covid-19 outbreak, the 24th AGM will be conducted through live streaming and online voting using Remote Participation and Voting ("RPV") facilities which are available on Tricor's TIIH Online website at https://tiih.online. Please refer to Administrative Details for the 24th AGM in order to register, participate and vote remotely via the RPV facilities.

2. The venue of the 24th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No Members/Proxy(ies) will be allowed to be physically present at the Broadcast Venue as the Company has to comply with the MCO social distancing requirements.

3. Shareholders/Proxy(ies) who wish to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") may do so remotely via the RPV facilities. Please follow the procedures provided in the Administrative Details for the 24th AGM in order to register, participate and vote remotely.

PROXY NOTES

1. A Member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in their place. A proxy may but need not be a member of the Company.

2. A Member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the Member at the AGM via RPV.

3. Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company that is standing to the credit of the said securities account.

4. Where a Member of the Company is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account (Omnibus Account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

5. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

6. The instrument appointing a proxy shall be in writing signed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of two (2) authorised officers, one of whom shall be a Director, or of its attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialed.

7. A Member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this 24th AGM via RPV facilities must request his/her proxy to register himself/herself at TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Details for Shareholders on 24th AGM.

NOTICE OF ANNUAL GENERAL MEETING
(CONTINUED)

8. The appointment of proxy may be made in a hardcopy form or by electronic means as follows:

   In Hardcopy Form
   The Form of Proxy or the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. not less than 48 hours before the time for holding this AGM or no later than 20 June 2020 at 10.00 a.m.

   By Tricor Online System (TIIH Online)
   The Form of Proxy can be electronically submitted to the Share Registrar of the Company via TIIH Online (applicable to individual shareholder only). The website to access TIIH Online is https://tiih.online. (Kindly refer to the Administrative Details-Electronic Submission of Form of Proxy for General Meeting).

9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

10. For a corporate member who has appointed a representative, please deposit the ORIGINAL certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. The certificate of appointment should be executed in the following manner:

    (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
    (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
        (a) at least two (2) authorised officers, of whom one shall be a director; or
        (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

11. For the purpose of determining a member who shall be entitled to attend this meeting via the RPV facilities, the Company shall request Bursa Malaysia Depository Sdn Bhd in accordance with Article 36(1) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at **5.00 p.m. on 16 June 2020**. Only a depositor whose name appears therein shall be entitled to attend this meeting or appoint a proxy to attend and/or vote on his stead.

EXPLANATORY NOTES

Ordinary Resolution 8

The proposed Ordinary Resolution will give powers to the Directors to issue up to a maximum twenty per centum (20%) of the total number of issued shares of the Company for the time being for such purposes as the Directors would consider in the best interest of the Company ("20% General Mandate"). This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

The 20% General Mandate sought for issue of securities is a new mandate taking into account the flexibility given by Bursa Malaysia Securities Berhad vide their letter dated 16 April 2020 for listed issuers to seek a higher general mandate of not more than 20% of the total number of the Company's issued shares (including treasury shares) for the issuance of new securities.

The Board of Director is of the view that the 20% General Mandate is in the best interest of the Company and its shareholders as the Company may need to undertake a fund-raising exercise expediently and for larger amount of proceeds to be raised to counter any potential bearish market price of the Company's shares.

The tabling of the 20% General Mandate at the 24th AGM is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund-raising exercises including but not limited to placement of shares for purpose of funding of working capital, capital expenditures, settlement of trade and non-trade creditors, repayment of banking facilities or as consideration for strategic investments.

The mandate obtained at the 23rd AGM in 2019 for authority to allot shares of the Company up to 10% of the total number of issued shares of the Company was not utilized.

Ordinary Resolution 9

Please refer to the Circular to Shareholders dated 28 May 2020 for further information on the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature.

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PROXY FORM

CDS Acc No.	
No. of Shares Held	

I/We, ______________________________

*NRIC No./Company No./Passport No. ____________________ of ____________________

being a Member of **PERDANA PETROLEUM BERHAD** hereby appoint ______________________________

*NRIC No./Company No./Passport No. ____________________ of ____________________

*and failing him/her ______________________________

*NRIC No./Company No./Passport No. ____________________ of ____________________

or *the Chairman of the Meeting as *my/*our proxy to vote for *me/*us and on *my/*our behalf at the 24th Annual General Meeting ("AGM") of the Company to be held on **Monday, 22 June 2020 at 10.00 a.m.** by remote participation and voting and at any adjournment thereof.

*My/*Our proxy(ies) is/are to vote as indicated below:-

Agenda	Resolution	For	Against
To approve payment of Directors' fees for financial year ended 31 December 2019	1		
To approve the payment of meeting allowance	2		
To re-elect Mr Bailey Kho Chung Siang	3		
To re-elect En Alias bin Mat Lazin	4		
To re-elect Datuk Dr Abd Hapiz bin Abdullah	5		
To re-elect Puan Siti Nur Binti Mokhtar	6		
To re-appoint Auditors of the Company for the ensuing year	7		
To authorise the allotment of shares pursuant to Sections 75 and 76 of the Companies Act 2016.	8		
Proposed Renewal of existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	9		

[Please indicate with (X) how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion].

Dated this ______________ day of ______________ 2020

	No. of Ordinary Shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

____
[Signature/Common Seal of Shareholder(s)]
[*Delete if not applicable]

IMPORTANT NOTICE

Shareholders or proxies are to attend, participate (including posing questions to the Board) and vote remotely at the AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at https://tiih.online.

PROXY NOTES

1. *A Member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in their place. A proxy may but need not be a member of the Company.*
2. *A Member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the Member at the AGM via RPV.*
3. *Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company that is standing to the credit of the said securities account.*
4. *Where a Member of the Company is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account (Omnibus Account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
5. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

6. *The instrument appointing a proxy shall be in writing signed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of two (2) authorised officers, one of whom shall be a Director, or of its attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialed.*
7. *A Member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this AGM via RPV facilities must request his/her proxy to register himself/herself at TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Details for Shareholders on AGM.*
8. *The appointment of proxy may be made in a hardcopy form or by electronic means as follows:*

   In Hardcopy Form

   The Form of Proxy or the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time for holding this AGM or no later than 20 June 2020 at 10.00 a.m.

   By Tricor Online System (TIIH Online)

   The Form of Proxy can be electronically submitted to the Share Registrar of the Company via TIIH Online (applicable to individual shareholder only). The website to access TIIH Online is https://tiih.online (Kindly refer to the Administrative Details-Electronic Submission of Form of Proxy for General Meeting).
9. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company not less than forty-eight (48) hours before the time appointed for holding the AGM. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
10. *For a corporate member who has appointed a representative, please deposit the ORIGINAL certificate of appointment with the Share Registrar not later than 20 June 2020 at 10.00 a.m. to participate via RPV in the AGM.*
11. *For the purpose of determining a member who shall be entitled to attend this meeting via the RPV facilities, the Company shall request Bursa Malaysia Depository Sdn Bhd in accordance with Article 36(1) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 5.00 p.m. on 16 June 2020. Only a depositor whose name appears therein shall be entitled to attend this meeting or appoint a proxy to attend and/or vote on his stead.*

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AFFIX
STAMP

PERDANA PETROLEUM BERHAD
c/o Tricor Investors & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan

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