perdana petroleum

Registration No.199501042909 (372113-A)

Accelerating Momentum

ANNUAL REPORT 2021

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

CONTENTS

CORPORATE INFORMATION

Board of Directors

Datuk Dr Abd Hapiz Bin Abdullah
Independent Non-Executive Chairman

Datuk Selva Kumar A/L Mookiah
Independent Non-Executive Director

Chin Chee Kong
Non-Independent Non-Executive Director

Jamalludin Bin Obeng
Managing Director

Ruziah Binti Mohd Amin
Independent Non-Executive Director

Datuk Hasmi Bin Hasnan
Non-Independent Non-Executive Director

Alias Bin Mat Lazin
Executive Director

Zakaria Bin Kasah
Independent Non-Executive Director

Chen King Yu
Alternate Director to Datuk Hasmi Bin Hasnan

Nomination Committee

Zakaria Bin Kasah
Chairman

Chin Chee Kong
Member

Ruziah Binti Mohd Amin
Member

Datuk Selva Kumar A/L Mookiah
Member

Audit & Risk Management Committee

Ruziah Binti Mohd Amin
Chairman

Zakaria Bin Kasah
Member

Datuk Selva Kumar A/L Mookiah
Member

Chin Chee Kong
Member

Remuneration Committee

Chin Chee Kong
Chairman

Ruziah Binti Mohd Amin
Member

Zakaria Bin Kasah
Member

Datuk Selva Kumar A/L Mookiah
Member

Company Secretary

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

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
(Cont'd)

External Auditors

KPMG PLT (LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya, Selangor

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)]

United Overseas Bank Limited
(Licence Labuan Bank 943300-C)

HSBC Amanah Malaysia Berhad
[200801006421 (0807705-X)]

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

2021 FINANCIAL RESULTS ANNOUNCEMENTS

First Quarter	**21st May 2021**
Second Quarter	17th September 2021
Third Quarter	**23rd November 2021**
Fourth Quarter	21st February 2022

PUBLISHED ANNUAL REPORT AND NOTICE OF ANNUAL GENERAL MEETING

Annual Report 2021	**20th April 2022**
Notice of 26th Annual General Meeting	20th April 2022
26th Annual General Meeting	**18th May 2022**

CORPORATE STRUCTURE

AS AT 31 DECEMBER 2021

- 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% — Petra Offshore Limited
- 100% — Perdana Marine Offshore Pte 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

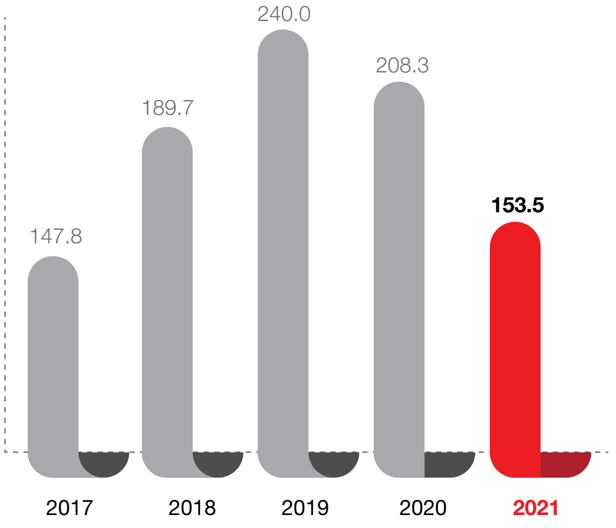
2. **Perdana Sovereign**
   Gross/Net Tonnage:
   3,265/979 ton

5 YEARS
FINANCIAL HIGHLIGHTS

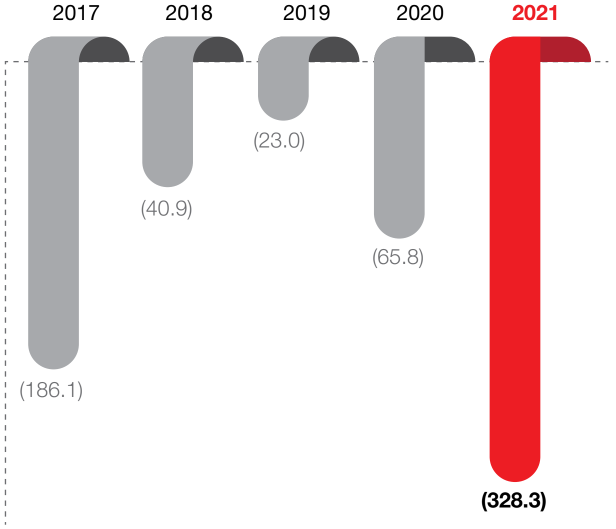
Year Ended 31 December	2017	2018	2019	2020	2021
Key Financial Information (RM'Million)					
Revenue	147.8	189.7	240.0	208.3	**153.5**
Operating (Loss)/Profit	(130.3)	15.1	20.3	(42.7)	**(325.3)**
Loss Before Taxation	(187.6)	(38.9)	(12.4)	(53.9)	**(329.5)**
Loss Attributable to Owners of the Company	(186.1)	(40.9)	(23.0)	(65.8)	**(328.3)**
(Loss)/Earnings Before Interest, Taxes, Depreciation and Amortization ("LBITDA"/ "EBITDA")	(42.1)	95.3	101.1	38.7	**(196.1)**
Cash & Bank Balances	77.0	36.5	37.6	46.5	**23.4**
Total Assets	1,424.1	1,374.9	1,295.5	1,155.6	**823.2**
Total Loans & Borrowings	734.3	633.3	125.7	102.0	**67.7**
Total Liabilities	929.4	914.1	395.7	340.3	**296.9**
Share Capital	411.2	411.2	885.2	885.2	**885.2**
Shareholders' Funds	494.5	460.7	899.7	815.3	**526.2**
Information on Shares					
No. of Total Shares ('Million)	778.5	778.5	2,242.0	2,242.1	**2,242.1**
Basic Loss Per Share (Sen)	(23.91)	(5.26)	(2.95)	(3.20)	**(14.81)**
Diluted Loss Per Share (Sen)	(23.91)	(5.26)	(2.95)	(3.20)	**(14.81)**
Net Assets Per Share (RM)	0.64	0.59	0.40	0.36	**0.24**
Share price as at financial year end (RM)	0.33	0.22	0.40	0.17	**0.12**
Financial Ratios					
Gearing Ratio (times)	1.48	1.37	0.14	0.13	**0.13**
Current Ratio (times)	0.13	0.10	0.43	0.76	**0.94**
LBITDA/EBITDA Margin (%)	-28%	50%	42%	19%	**-128%**

5 YEARS FINANCIAL HIGHLIGHTS
(Cont'd)

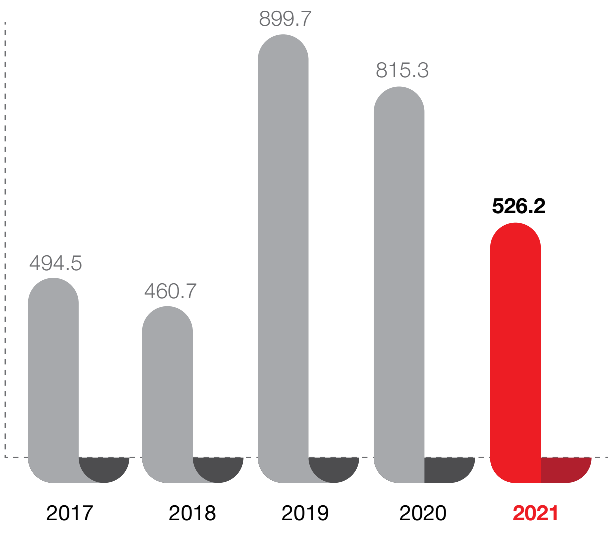
REVENUE
(RM'MILLION)



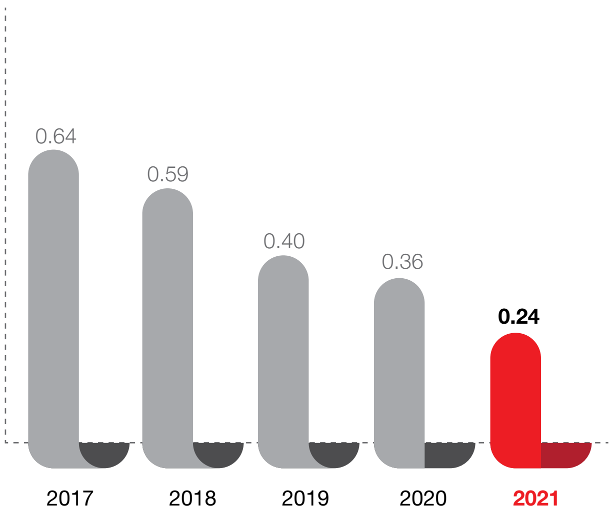
NET LOSS
(RM'MILLION)



SHAREHOLDERS' FUNDS
(RM'MILLION)



NET ASSETS PER SHARE
(RM)



DIRECTORS' PROFILE

DATUK DR ABD HAPIZ BIN ABDULLAH

Independent Non-Executive Chairman

Age : 64
Nationality : Malaysian
Date of Appointment : 10 September 2015
Date of Re-designation : 23 June 2020
Length of Service (as at 31 March 2022) : 6 years 7 months

Datuk Dr Abd Hapiz bin Abdullah was appointed as an Independent Non-Executive Director of Perdana Petroleum Berhad ("PPB") on 10 September 2015 and subsequently on 23 June 2020 he was re-designated as the Independent Non-Executive Chairman.

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 has 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 MSM Malaysia Holdings Berhad and Ancom Berhad as well as 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 currently a Council member of the National Science Council of Malaysia.

Family Relationship with any Director and/or major shareholder

None

Conviction of Offences within the past 5 years

None

DIRECTORS' PROFILE
(Cont'd)

JAMALLUDIN BIN OBENG
Managing Director

Age : 57
Nationality : Malaysian
Date of Appointment : 1 October 2021
Length of Service (as at 31 March 2022) : 6 months

Encik Jamalludin bin Obeng was appointed as a Managing Director of Perdana Petroleum Berhad ("PPB") on 1 October 2021.

He graduated with BA in Economics from California State University, Fresno in the United States of America ("USA"). He also graduated with a MA in Educational Computing from the University of San Francisco in US.

Encik Jamalludin bin Obeng has over 30 years of working experience in the oil and gas industry. He started his career with PETRONAS in 1990 at Petronas Carigali Sdn Bhd and was involved in operations, corporate strategies and business planning, both locally and in Vietnam. In 2000, he joined Cahya Mata Sarawak Berhad initially as the Business Development Manager and subsequently was promoted to Group Manager, Procurement. In 2003, he moved to Kencana HL Sdn Bhd, a subsidiary of Kencana Petroleum Group as General Manager, Business Development. He was subsequently promoted to Chief Operating Officer in 2008 and a year after was promoted to the position of Managing Director, a position he held until 2012.

Encik Jamalludin joined MMHE Sdn Bhd as the General Manager, Business Development and Commercial in 2013 and then moved to Petra Energy Berhad as Group Business Development Director in 2015. In 2017, he took the position of Chief Commercial Officer in Icon Offshore Berhad providing leadership and direction to the Group Commercial team. In 2020, he joined SK Hull Sdn Bhd, a start-up subsidiary of Nam Cheong Ltd and was a Director there until his present position in PPB.

He is currently the Vice President of Malaysian Oil & Gas Services Council and President of Malaysia OSV Owners Association.

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
(Cont'd)

ALIAS BIN MAT LAZIN
Executive Director

Age : 53
Nationality : Malaysian
Date of Appointment : 10 September 2015
Date of Re-designation : 1 September 2018
Length of Service (as at 31 March 2022) : 6 years 7 months

Encik 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.

Family Relationship with any Director and/or major shareholder

None

Conflict of Interest

None

Conviction of Offences within the past 5 years

None

DATUK SELVA KUMAR A/L MOOKIAH
Independent Non-Executive Director
Remuneration Committee, Member
Audit and Risk Management Committee, Member
Nomination Committee, Member

Age : 55
Nationality : Malaysian
Date of Appointment : 18 June 2021
Length of Service (as at 31 March 2022) : 9 months

Datuk Selva Kumar A/L Mookiah, was appointed as an Independent Non-Executive Director of Perdana Petroleum Berhad ("PPB") on 1 October 2015 and retired on 21 May 2019. He was reappointed to the Board on 18 June 2021.

He graduated with a Bachelor of Law from the University of London.

Datuk Selva has twenty-seven (27) years of experience in providing a comprehensive range of legal services and solutions to domestic and international clients.

His clients are private and public listed companies from Malaysia and non-government organizations in all sectors of the economy. He advises on cross border corporate and commercial transactions, civil and corporate litigation, legal forensic audit and due diligence services, conveyancing, company regulatory compliance, company secretarial requirements and listing requirements of Bursa Malaysia. He represents clients in litigation and provides dispute resolution advice in all these areas.

Currently, he is also appointed as Commission Member of the Companies Commission of Malaysia (SSM) and, Adjunct Professor and Acting Chairman for AIMST University. In addition, he is an appointed Notary Public of Malaysia and also a Qualified Risk Director from Institute of Enterprise Risk Practitioners (IERP). He has previously served as a member of the Operation Evaluation Panel (Panel Penilaian Operasi) of the Malaysian Anti-Corruption Commission (MACC).

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
(Cont'd)

RUZIAH BINTI MOHD AMIN
Independent Non-Executive Director
Audit and Risk Management Committee, Chairman
Nomination Committee, Member
Remuneration Committee, Member

Age : 61
Nationality : Malaysian
Date of Appointment : 18 June 2021
Length of Service (as at 31 March 2022) : 9 months

Cik Ruziah binti Mohd Amin was appointed as an Independent Non-Executive Director of Perdana Petroleum Berhad ("PPB") on 18 June 2021.

Cik Ruziah binti Mohd Amin graduated with a Master in Business Administration (General Management) from University of Sheffield, United Kingdom in 1991 and a Bachelor in Economics (First Class Honours) from University of Malaya in 1984.

Cik Ruziah binti Mohd Amin has over 30 years of working experience and has held various senior and top management positions in several companies both in the government and private sectors, covering areas of corporate finance and advisory spanning various industries such as investments, telecommunications, property and upstream oil and gas.

She presently sits on the board of Scomi Energy Services Bhd.

Family Relationship with any Director and/or major shareholder

None

Conflict of Interest

None

Conviction of Offences within the past 5 years

None

TUAN HAJI ZAKARIA BIN KASAH
Independent Non-Executive Director
Nomination Committee, Chairman
Remuneration Committee, Member
Audit and Risk Management Committee, Member

Age : 57
Nationality : Malaysian
Date of Appointment : 18 June 2021
Length of Service (as at 31 March 2022) : 9 months

Tuan Haji Zakaria was appointed as an Independent Non-Executive Director of Perdana Petroleum Berhad ("PPB") on 18 June 2021.

Tuan Haji Zakaria started his career when he joined PETRONAS in 1987. In his early years with Petronas, he was involved in prominent projects such Gas Processing Plant (GPP2), Miri Gas Separation Plant and has the experiences of the full project cycle (engineering, commissioning and start-up) of Malaysia LNG Dua ("MLNG") project. In 1996, he served in the MLNG operation as the area mechanical engineer and was later promoted to Senior Manager position. During this period, he has had the experiences of maintaining mechanical equipment (static and rotating), contract management, leading MLNG plant turnarounds and managing multidiscipline area maintenance. In 2004 Tuan Haji Zakaria was assigned to Egypt LNG ("ELNG") project as Engineering Advisor to prepare for the operation readiness of ELNG project. Upon completion of his assignment in 2006, he was appointed as the Plant Manager of Gas Processing Plant B in Terengganu, as Plant Manager MLNG in 2008, Managing Director and Chief Executive Officer of Malaysia LNG Group of Companies in 2011. He assumed the position of Vice President Petronas from 2014 until his retirement on 15 April 2021.

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
(Cont'd)

CHIN CHEE KONG

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

Age : 64
Nationality : Malaysian
Date of Appointment : 1 October 2015
Length of Service (as at 31 March 2022) : 6 years 6 months

Mr Chin Chee Kong was appointed as a Non-Independent Non-Executive Director of Perdana Petroleum Berhad ("PPB") on 1 October 2015.

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

DATUK HASMI BIN HASNAN

Non-Independent Non-Executive Director

Age : 69
Nationality : Malaysian
Date of Appointment : 1 September 2018
Length of Service (as at 31 March 2022) : 3 years 7 months

Datuk Hasmi bin Hasnan was appointed as a Non-Independent Non-Executive Director of Perdana Petroleum Berhad ("PPB") on 1 September 2018.

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
(Cont'd)

CHEN KING YU
(Alternate Director to Datuk Hasmi Bin Hasnan)

Age : 44
Nationality : Malaysian
Date of Appointment : 12 April 2022
Length of Service (as at 31 March 2022): Not Applicable

Mr Chen King Yu was appointed as an Alternate Director to Datuk Hasmi bin Hasnan of Perdana Petroleum Berhad ("PPB") on 12 April 2022.

Mr Chen King Yu holds a Bachelor of Commerce, majoring in Accounting and Finance, from the University of Melbourne, Australia.

Mr Chen King Yu has more than 18 years of experience in the oil and gas sector and business reorganization in Malaysia as well as overseas. His work experience spans across a wide spectrum from auditing, corporate finance, business development, oil projects and operations as well as oil trading. He also has direct experience in property development, shopping mall management and education.

Mr Chen King Yu is currently employed with Naim Holdings Berhad as Chief Operating Officer of Strategic Planning and New Business.

He presently sits on the board of Dayang Enterprise Holdings Berhad as Non-Independent Non-Executive Director.

Family Relationship with any Director and/or major shareholder

None

Conflict of Interest

None

Conviction of Offences within the past 5 years

None

CHAIRMAN'S **STATEMENT**

The severe impact of the Covid-19 pandemic on Perdana Petroleum Berhad ("the Group" or "Perdana") has prompted decisive and transformative action. The steps we have taken in 2021 will improve the Group's financial resilience, allowing it to steer through rough waters before returning to strong profitability.

Dear Valued Shareholders,

The impact of the Covid-19 pandemic on the Group has been severe but we have taken decisive and transformative action to revamp our offshore support vessel ("OSV") operations, contain financing costs, and improve our financial position. During the year, we booked in significant impairment losses for our fleet assets and scaled down the estimated useful life of our anchor handling tug supply ("AHTS") vessels to prepare for a fleet renewal exercise expected to last several years.

While we concede the effects of the pandemic on Group revenue, we believe that biting the bullet to restructure our operating assets, and in the process recording the widest net loss ever, will improve the Group's financial resilience before it returns to strong profitability. This will assist to create a more relevant Balance Sheet structure as we recalibrate the Group for sustainability and long-term growth.

We experienced frequent disruption to our vessel operations due to lockdown restrictions under various phases of the Movement Control Order along with isolated cases of Covid-19 outbreaks during the year. A number of projects were postponed while some were cancelled, together with demobilisation of vessels to curb the spread of Covid-19. This resulted in a decline in Group total revenue and higher operating costs.

Early signs of business recovery emerged as the National Recovery Plan ushered in a gradual re-opening of more economic sectors. Group quarterly vessel utilisation rates indicated renewed prospects for the OSV business as they rose progressively, peaking in the third quarter with a profit for that period.

CHAIRMAN'S STATEMENT
(Cont'd)

This was against a backdrop of soaring crude oil prices, spurred by higher levels of global demand for petroleum which exceeded supply, which reached their highest point in late October and lifted year-end profits for oil majors.

GROUP PERFORMANCE

The wide-ranging influence of the pandemic and the provision on impairment losses of assets have resulted in a loss after taxation of RM328.3 million arising from lower revenue, substantial pandemic-related expenditure, and significant impairment losses on fleet assets and other trade receivables. We continue to see progress in finance management where total Group borrowings have been reduced to RM67.7 million and net finance costs have declined 62% to RM4.2 million.

Group liquidity remains tight as we exited the year with RM23.4 million in cash and cash equivalents and a positive net cash flow of RM44.3 million from operating activities. Basic loss per share came in at 14.8 sen and net assets per share at 24 sen. Further information on our financial performance can be found under Management Discussion and Analysis on page 21. The Board of Directors ("the Board") does not recommend declaration of any dividend for the FY2021.

SWIFT RESPONSE TO COVID-19

The safety and wellbeing of our people have always been important, more so during the pandemic. Our Management rapidly introduced health measures to prevent the spread of Covid-19 in the workplace, in line with government Covid-19 management guidelines, and vessel operations have since incorporated these health standard operating procedures ("SOPs") into operating protocol for compliance by our staff, marine crews, contractors and service vendors alike.

Regrettably, a few cases of Covid-19 outbreak onboard vessels have impacted our operations but we took swift action to bring the situation under control. Further to this, we introduced a 'Zero Covid-19 Cases' target reinforced by additional health SOPs for our people and external stakeholders. We also organised a Group-wide vaccination drive in September 2021 to enable all personnel to complete their primary (two-dose) Covid-19 vaccinations, besides requiring them to receive the booster dose by the end of February 2022.

The Board and I would like to thank our people for their solidarity in support of the Group's Covid-19 prevention initiatives and their ability to embrace change and act decisively to deal with the burden of the pandemic.

HEALTH, SAFETY AND ENVIRONMENT

The health, safety and environment ("HSE") aspects of our OSV business can never be overlooked as it is imperative to minimise the chances of an accident occurring to our marine crews and operations personnel during vessel charter. The Group has maintained its track record of zero loss time injury ("LTI") cases in 2021 and garnered a total of 1,610,647 LTI-free manhours for the year. Our achievement in HSE is one which we will sustain for the future.

We had an opportunity to assist industry associates in early May 2021 when our largest AHTS vessel Perdana Marathon was involved in a rescue operation to save the crew onboard Velesto Energy Berhad's Naga 7 rig which suffered a structural accident off the coast of Sarawak. Together with another vessel Armada Tuah, we safely rescued all 101 crew members and transferred them onshore with zero casualties reported.

Nature is a force to be reckoned with as the nation witnessed in December 2021 the devastating effect of floods on lives in Selangor. The homes and belongings of several Group personnel in Shah Alam and Hulu Langat were adversely affected and we presented monetary aid and cleaning supplies to them as part of flood relief efforts. This assistance in-kind was also extended to affected personnel of our parent company, Dayang Enterprise Holdings Berhad ("the Dayang Group").

The footprint of the Covid-19 pandemic on our business activities has caused understandable anxiety for many personnel, compounded by the fledgling implementation of our Group turnaround plan. Despite recording our widest operational losses this year, the Group has not deemed retrenchment necessary and we have continued to maintain the same headcount over the past two years.

BOARD DEVELOPMENTS

Tengku Dato' Yusof Bin Tengku Ahmad Shahruddin resigned as Managing Director at the end September 2021 and his successor, Encik Jamalludin Bin Obeng, took up the role at the start of October 2021. I would like to thank Tengku Dato' Yusof for his contribution to the Group over the past year as well as welcome Encik Jamalludin aboard. Dato' Gerald Hans Isaac and Cik Sitinur Binti Mokhtar stepped down from the Board in March 2021 to pursue other commitments and I record my appreciation to both of them for their service. In June 2021, the Board welcomed Non-Executive Directors Cik Ruziah Binti Mohd Amin, Tuan Haji Zakaria Bin Kasah, and Datuk Selva Kumar A/L Mookiah to the Group.

Lastly, on behalf of the Board, I would like to convey my deepest condolences to the family of the late Datuk Mohd Jafni Bin Mohd Alias who had been a valued member of the Board since October 2015. He had rendered tremendous support to the Group during his tenure, serving as Chairman of the Audit Committee and Nomination Committee as well as a member of the Remuneration Committee before his demise in early June 2021.

OUR PROSPECTS IN 2022

We believe our OSV business remains inherently vibrant and the actions we have taken in 2021 should enable us to deliver on the commitments we have made to stakeholders within the next few years. Our business turnaround plan and fleet renewal exercise, backed by the Dayang Group, will be proceeding in full swing as we approach funding sources and embark on right sizing of the new fleet. We are predisposed to a conservative expansion as we endeavour to return the Group to financial strength with a sustainable Balance Sheet structure, and the Board intends to take all appropriate actions to secure this outcome.

Operations-wise, a busy year lies ahead as we make headway with the backlog of projects and activities previously hampered by the pandemic.

We are inclined to hold a bullish outlook for our business in Malaysia considering the performance of our vessel utilisation rates in the third and fourth quarters, the steady outlook for OSV demand in the Petronas Activity Outlook 2022-2024 and the ascent of crude oil prices into 2022. Despite ongoing progress in the area of Covid-19 vaccine and drug development, the Group will stay cautiously optimistic in weathering macroeconomic risks as the Covid-19 Omicron variant continues to accelerate in countries that have relaxed their Covid-19 restrictions, alongside mounting geopolitical tensions around the world.

Finally, the Board and I would like to thank everyone at Perdana Petroleum Berhad for their resilience, adaptability and commitment to duty in this highly challenging environment.

Datuk Dr Abd Hapiz bin Abdullah
Independent Non-Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

The offshore support vessel ("OSV") segment in Malaysia has braved the Covid-19 pandemic for the past two years, despite having yet to recover from the prolonged slowdown in oil and gas ("O&G") industry activities since the 2015 plunge in crude oil prices. A prospective reversal of fortunes appeared in the latter part of 2021 with improved crude oil prices and the elevated performance of several O&G stocks. Nevertheless, overall activity in 2021 had yet to return to pre-pandemic levels and the challenging OSV environment is anticipated to persist in 2022. Against this setting, Perdana Petroleum Berhad ("the Group") reported a loss after taxation of RM328.3 million and softer net assets position of RM526.2 million. A business turnaround plan has been set in motion as the Group gears itself to become a more sustainable entity that delivers returns to shareholders in the future years.

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Operating via main subsidiaries Intra Oil Services Berhad and Perdana Nautika Sdn Bhd, the Group is a key player in the provision of marine offshore support services for the upstream O&G industry. Perdana Nautika Sdn Bhd was licensed by Petroliam Nasional Berhad ("PETRONAS") in 2011 to provide marine vessel chartering services to the PETRONAS group and its Petroleum Arrangement Contractors.

Since 2004, the Group has built a strong track record in project delivery, safety standards and service excellence for its OSV business that involves:

- towing, mooring and anchoring of non-self-propelled barges and rigs;
- transportation of drilling, production and project materials and chemicals; and
- chartering of work barges and workboats for work facilities and onboard accommodation for offshore personnel.

In terms of fleet size, the Group owns and operates sixteen (16) vessels that support exploration, development, facilities installation, hook-up and commissioning as well as production, operations and maintenance activities for greenfield and brownfield O&G projects. The current fleet comprises eight (8) anchor handling tug supply ("AHTS") vessels, six (6) accommodation work barges ("AWB") and two (2) accommodation workboats ("WB").

Business Sustainability

Sustainability of the business is now the focal point of the Group with a fleet renewal exercise presently in the works. The Group aims to capitalise on anticipated higher demand for OSV charters with its new vessels, since positive sentiment from improved crude oil prices will fuel larger investments in the upstream segment. That said, the impairment exercise on assets is inevitably linked to the Group's turnaround as reflected in the large impairment loss provision for 2021 with the Group adopting an overall strategy of a gradual expansion for the business rather than an aggressive one.

The Group continues to draw corporate support and synergy from its parent company Dayang Enterprise Holdings Berhad ("the Dayang Group") which controls 63.7% of the Group's equity. Based on strategic alliance and mutual understanding; the Group has the right of first refusal to charter suitable vessels to the Dayang Group, a leading offshore topside maintenance contractor in Malaysia, should the latter secure engineering contracts for which the Group's vessels can be employed. The Dayang Group thus serves as mainstay client of the Group, i.e. over 42% of charters in 2021 were performed for the engineering contracts of the Dayang Group with oil majors in East Malaysia.

BUSINESS REVIEW FOR 2021

For Perdana Petroleum Berhad whose business activities were conducted in Malaysia, 2021 proved to be even more challenging than the preceding year as the OSV industry rode out the storm of the Covid-19 pandemic. The business year was characterised by project delays or cancellations by engineering, procurement, construction and commissioning ("EPCC") contractors and oil majors due to sporadic operating conditions under the various classes of movement control order ("MCO") in addition to several Covid-19 positive cases onboard vessels which led to operational disruptions.

MANAGEMENT DISCUSSION AND ANALYSIS
(Cont'd)

Early signs of domestic business recovery appeared in the second half of the year as Malaysia entered various phases of the National Recovery Plan with a gradual re-opening of more economic sectors, alongside Group vessel utilisation rates in the third and fourth quarters outperforming the corresponding 2020 quarters. Oil majors also reported surging year-end profits, thanks to buoyant crude oil prices during the year.

Fleet Utilisation Rates

Group charter revenue for 2021 comprised 42% direct contracts from the Dayang Group and 58% contracts from oil majors, the latter segment reduced by 16% over the previous year.

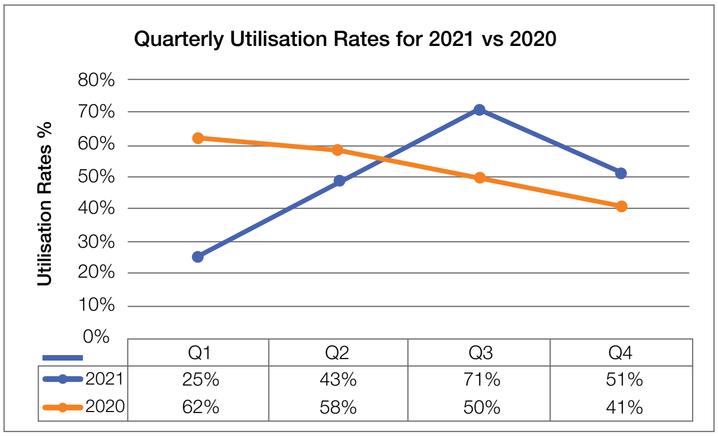
Annual vessel utilisation at 49% reflected continued weak industry sentiment as O&G activity outlook and the number of tender requests from EPCCs were generally sluggish over the 2020 – 2021 period. The lower annual utilisation rate was also contributed by:

- the short-term nature of the majority of contracts secured during the year;
- delay in commencement of charter of a few contracts; and
- an increase in Covid-19 infection rates.

2017	2018	2019	2020	2021
52 %	64 %	70 %	53 %	49%

Table: Five-year annual vessel utilisation rates (Source: Internal)

Quarterly vessel utilisation rates by contrast showed better prospects as depicted in the graph below, climbing steadily and peaking at 71% in the third quarter, attributed to Phase 3 of the National Recovery Plan which allowed the resumption of higher levels of economic activity from August onwards. In fact, the Group reported a profit after taxation of RM3.5 million for the third quarter of 2021, a reversal from the loss after taxation of RM30.5 million in the corresponding third quarter of 2020.



Graph: Quarterly vessel utilisation rates for 2021 and 2020 (Source: Internal)

Additionally, a higher utilisation rate of 51% in the fourth quarter generated nearly RM51.0 million in Group revenue or 40.7% more than its corresponding quarter's revenue of RM36.2 million in 2020.

Within the fleet, AHTS vessels recorded the highest utilisation rate at 60%, followed by WB at 42%. AWB registered the lowest utilisation at 29% because several ships were undergoing repairs and maintenance and there were fewer projects for AWB charters.

	Fleet Utilisation Rate		
Year	Anchor Handling Tug Supply (AHTS)	Accommodation Work Barge (AWB)	Work Boat (WB)
2021	60%	29%	42%
2020	60%	52%	26%

Table: Fleet utilisation rates and percentage revenue contribution (Source: Internal)

Fleet Utilisation Rates (cont'd)

The Dayang Group continued to be the Group's leading EPCC client in 2021, hiring 30% of AHTS vessels, 50% of AWBs and all WBs based on vessel specification. The balance of 70% AHTS vessels were chartered by external clients.

Vessel daily charter rates ("DCR") declined by 22% from the DCR in 2020 due to the competitive and challenging market environment in 2021.

Contracts and Tenders

The Group was well-rewarded in its efforts during the year to tender for new charter contracts despite tight competition in the domestic OSV sector when total contracts secured recorded a sizeable increase of 41% over that of 2020. The marketing of the fleet and contract tendering work were conducted both via external, third-party brokers and direct tender by the Group.

A significant majority or 83% of charter contracts attained in 2021 were short term in nature, i.e. less than 180 days in project duration. The remaining 17% comprised long-term contracts of more than six months, based on contract value.

The Group attained a success rate of 52% for all tenders submitted in 2021. To improve its chances of securing contracts further, the Group intends to:
- take additional measures to review any possible changes to clients' tender policies and/or latest vessel specification requirements;
- provide competitive pricing for the tender while ensuring operational efficiency and costs are effectively managed; and
- enter into discussion with clients on their options to reduce the DCR, depending on the prospects of the incoming charter.

REVIEW OF OPERATING ACTIVITIES

In relation to operations management for 2021, Group activities sought a balance between pandemic mitigation measures – namely the Malaysian Ministry of Health's ("KKM") Covid-19 health guidelines as well as clients' Covid-19 compliance protocols – and the gradual re-activation of projects as more economic sectors were permitted to re-open under the National Recovery Plan. These, coupled with careful management of cash flows and suppliers under a capital-intensive business, made 2021 a busy year for the Group.

Vessel Operations

While the Covid-19 pandemic disrupted conventional ways of working for the Group, it also prompted a new normal in the conduct of vessel operations. Numerous Covid-19 management guidelines, standard operating procedures ("SOPs") and restrictions were imposed by various parties such as federal and state governments, KKM and local authorities on vessel charterers and oil majors. The guidelines entailed adjustments in operating SOPs together with behavioural changes among project crews and other Group personnel in adapting and adhering to the new normal.

Two predicaments arose, the second of which drew quick and decisive action from the Group:

- Firstly, crews could not be mobilised for vessel operations when certain economic sectors were not permitted to open during various phases of the MCO in 2021. This impacted the delivery of services for existing contracts as delays were inevitable, leading to some project postponements and a subsequent shortfall in Group revenue.
- Secondly, a few vessels were demobilised to port and put under quarantine due to Covid-19 positive cases detected among contractors and visitors who came aboard, resulting in early termination of those charter projects. Again, this represented a loss of income to the Group.

Vessel Operations (cont'd)

To safeguard the health of crews and to prevent future incidences of Covid-19 outbreak onboard vessels, Group Management set a 'Zero Covid-19 Cases' target to avoid operational downtime where emphasis was placed not only on compliance (with Covid-19 health guidelines) but also continuous adherence to them. This target was backed by implementation of the following internal operating SOPs:

- No shore leave granted for ship personnel whose vessels are on hire and operational. After experiencing intermittent project delays during the year, it is important for crews to be fully involved and focused when projects resume.
- The boarding of vessels strictly pertains to ship operational matters only. Prior to boarding, crews must undergo swab tests and if tested Covid-19 positive, they have to undergo prescribed quarantine periods. This is a precautionary step for detection of Covid-19 positive cases before vessels commence hire.
- Covid-19 Antigen Rapid Test Kits are supplied on all vessels and weekly self-tests are performed by all crews onboard for monitoring of health status while on charter.

Besides personal compliance with all Covid-19 management guidelines and rules prescribed by the authorities and clients, all Group personnel were required to complete their primary (two-dose) Covid-19 vaccination and booster dose by the end of February 2022. A vaccination drive was held in September 2021 for all employees to complete two doses of the Covid-19 vaccine.

The Group also enforced Covid-19 management SOPs on its external stakeholders, i.e. notification and instruction to all contractors and suppliers to undergo Covid-19 RTK antigen testing prior to seeking permission to board Group vessels, and vessel owners were required to ensure the availability of sufficient personal protective equipment, medicines, resuscitation equipment and medical oxygen cylinders onboard.

As a vessel owner, the Group took initiatives to collaborate with third parties to incorporate Covid-19 management guidelines into its vessel operating protocols. The Group, for instance, worked with charter clients to produce a guideline on procedures to manage Covid-19 onboard vessels and barges. In another case, the Group adapted its operational processes for marine crews to meet the client's Covid-19 management requirements, i.e. adopting 'The Green Bubble Program for Offshore Personnel' by PETRONAS.

Fleet Maintenance

The Group operates a relatively older fleet of sixteen vessels, eleven of which can be deemed as ageing as they were acquired more than thirteen years ago. Older vessels require more frequent servicing and repair, adding to higher operating costs. Another drawback of an ageing fleet is the growing challenge to fulfil vessel requests since there are fewer vessels in good condition that meet client specifications and are ready for hire.

A major fleet renewal exercise spanning over the next few years is being planned as the Group continuously strives for operational excellence. Future Group-owned vessels will meet competitive market requirements and will optimise fleet utilisation and minimise vessel downtime. No vessels were acquired nor disposed of in 2021.

Pending the fleet renewal exercise, the Group continues to provide integrated maintenance to the existing fleet on a planned and regular basis to minimise non-compliance findings during pre-hire inspection and Offshore Vessel Inspection Database (OVID) review by clients. Fleet maintenance work during the year was undertaken by the Group in Miri and Labuan as more than 70% of charter contracts were performed in East Malaysia waters.

The Costs of Covid-19

The higher volume of Covid-19 management activities has led to an increase in Group operating costs. In 2021, RM1.1 million was directly attributed to Covid-19 SOP compliance expenditure for offshore and onshore operations, representing about 1% of the Group's cost of services. Quarantine stays at hotels and quarantine-related expenses for Covid-19 positive vessel crews and infected vessel contractors made up the largest expense category, followed by the cost of personal protective equipment, face masks and medical testing such as Covid-19 RT-PCR nasal swab tests and Covid-19 Antigen Rapid Test Kits.

Time limits imposed by the local authorities on contractor services onboard vessels had resulted in delays in the completion of work, leading to necessary time extensions that added to service costs. Vendor service rates also rose, stemming from compliance with changing Covid-19 health requirements, i.e. add-on costs for sanitisation of vessel-bound equipment or swab tests for vendors going aboard vessels had increased the cost of services.

On a separate note, the Group encountered situations where some clients faced difficulty in settling payments due to the impact of the pandemic on the latter's business. This led to an impairment loss of RM11.8 million on trade receivables and a subsequent shortfall in Group revenue collection. To mitigate such credit risks, client payment schedules were kept under close scrutiny by Management and suppliers and vendors were carefully supervised as the Group took vigilant steps to manage its operational cash flows.

Our People

The Group's management team is constantly mindful of assessing health, safety, and environment ("HSE") risks for vessel operations and maintains diligence in sustaining a clean record because the wellbeing of marine crews and operations staff is paramount to the business. There were zero loss time injury ("LTI") cases in 2021, clocking in a total of 1,610,647 LTI-free manhours for the year. Additionally, a larger investment in vessel crews' development was undertaken in 2021 whereby 277 courses on HSE were conducted, amassing a total of 2,888 training hours for officers and crews.

Year	Number of HSE Training Courses	Number of Training Hours	Investment in Crew's Development (RM)
2021	277	2,888	221,435
2020	176	2,317	152,828

Table: Training development for vessel crews in 2021 & 2020 (Source: Internal)

Flexible work hours and work from home ("WFH") practices are currently permitted for non-crew personnel ever since the MCO began in 2020. Staff are required to clock in to work but they may do so from their homes or away-from-office location, so long as work is completed for the day. These flexible work hours have greatly helped staff with children and family commitments and boosted morale as the staff can achieve better work-life balance and save on commuting expenses to the office.

The total number of Group personnel was constant at 67 over the 2020 – 2021 period though the gender diversity ratio of men increased by 13% in 2021. Annual promotions, better remuneration and work practices like WFH and flexible hours were employed by Group to appreciate, retain and attract quality personnel.

FINANCIAL PERFORMANCE ANALYSIS

Group Financial Results

Results for the financial year ended 31 December 2021 ("FY2021") compared to the financial year ended 31 December 2020 ("FY2020"), both based on audited financial statements, are presented below.

	FY2021 RM'000	FY2020 RM'000
Revenue	153,468	208,348
Cost of services	(234,223)	(211,126)
Gross loss	(80,755)	(2,778)
Other income	990	5,725
Administrative and operating expenses	(245,521)	(45,652)
Loss before interest and taxation	(325,286)	(42,705)
Finance income	2,346	895
Finance costs	(6,551)	(12,075)
Net finance costs	(4,205)	(11,180)
Loss before taxation	(329,491)	(53,885)
Taxation	1,224	(11,949)
Loss after taxation	**(328,267)**	**(65,834)**
Loss per share (sen)		
Basic	(14.81)	(3.20)

SOURCE: AUDITED FINANCIAL STATEMENTS 2021

Group total revenue for FY2021 declined 26% or RM54.9 million to register at RM153.5 million (FY2020: RM208.3 million), attributed to a lower vessel utilisation rate of 49% for the year (FY2020: 53%) as there were fewer work orders or contracts awarded from oil majors and EPCC contractors besides early termination of a few contracts due to cases of Covid-19 outbreak. However, a pick-up in quarterly vessel utilisation rates showed promise and peaked at 71% in the third quarter, indicating a bullish outlook on the horizon as the Group enters 2022.

Cost of services climbed 11% to RM234.2 million (FY2020: RM211.1 million), a major component being the low vessel utilisation rate, increase in crude oil price, Covid-19 related expenses, fleet insurance, and the additional depreciation due to the change in accounting estimates for AHTS vessels.

Administrative and operating expenses reached RM245.5 million for the year, an increase from RM199.9 million in FY2020, mainly derived from:

- A massive RM220.0 million impairment loss on property, plant and equipment ("PPE") (FY2020: RM33.7 million) of which RM190.0 million from this amount was booked in the fourth quarter of FY2021 in compliance with the accounting standard of MFRS 136.
- An additional depreciation charge of RM47.8 million arising from a reduction in the estimated useful life of the Group's eight AHTS to 15 years from 25 years, following a review of the AHTS requirements imposed by an oil major and the dim prospects of AHTS charters in the international market due to the Covid-19 pandemic;
- Allowance for impairment loss on trade receivables of RM11.8 million; and
- Net realised/unrealised foreign exchange loss of RM3.5 million.

Through prudent financial management, the Group achieved a 62% reduction in net finance costs, recording RM4.2 million in FY2021 against RM11.2 million in FY2020. Lower finance costs of RM6.6 million (FY2020: RM12.1 million) were attributed to the repayment of a loan obligation of RM34.2 million under Group borrowings and reduction of the lending rate during the year.

Loss After Taxation

The Group incurred a higher loss after taxation of RM328.3 million for the year (FY2020: RM65.8 million) in the wake of significant administrative and operating expenses. There was a tax credit of RM1.2 million in FY2021 (FY2020: RM11.9 million, tax expenses).

Basic loss per share in FY2021 was 14.81 sen (FY2020: 3.20 sen). In view of the Group's financial results, no dividend was declared by the Board of Directors for FY2021. The Group is resetting itself as a sustainable entity ready for an upswing in the OSV industry, hence the planned fleet renewal exercise is part of the transformation process.

Group Financial Position

	FY2021 RM'000	**FY2020 RM'000**
Total non-current assets	738,415	1,043,632
Total current assets	84,747	111,961
Total Assets	823,162	1,155,593
Total non-current liabilties	206,898	193,127
Total current liabilities	90,031	147,201
Total Liabilities	296,929	340,328
Total Equity	526,233	815,265
Net Assets per share (RM)	0.24	0.37

SOURCE: AUDITED FINANCIAL STATEMENTS 2021

MANAGEMENT DISCUSSION AND ANALYSIS
(Cont'd)

Group total assets declined 29% in value to RM823.2 million in FY2021, attributed to a 30% drop of RM305.2 million in PPE value as the Group absorbed the impact of impairment loss and depreciation on its ageing fleet and a 50% fall in cash and cash equivalents of RM23.4 million to meet the Group's operating budget for the year.

There was an overall improvement of 13% in the total liabilities position of the Group, coming in at RM296.6 million from the previous year's RM340.3 million position. This was attributed to a reduction of 34% in total outstanding borrowings for the financial year, i.e. RM67.7 million as at 31 December 2021 versus RM102.0 million as at 31 December 2020, chiefly due to the full and final settlement of one term loan. Other payables to a related company were also trimmed to RM187.8 million from RM197.9 million in FY2020.

Capital Structure

Group capital structure was unchanged for the financial year other than a conversion of redeemable convertible preference shares ("RCPS") into new ordinary shares at a ratio of 1 RCPS: 1 ordinary share, the conversion price of RM0.325 per share being identical to the RCPS issue price. The cumulative number of RCPS converted into ordinary shares of the Group since issuance was 1,438,152,992 as at 31 December 2021.

Total equity stood at RM526.2 million after accounting for net losses of the Group. Net assets per share declined to 24 sen (FY2020: 37 sen) while the gearing ratio rose marginally to 12.9% from 12.5% a year earlier.

There was no significant capital expenditure in FY2021 since no vessel assets were acquired nor disposed of.

Group Cash Flows

The Group's overall cash flow position declined by almost half from that of the previous financial year as payment obligations for operating activities and financing activities took a toll on cash and cash equivalents, despite a 73% savings in net cash flows used for investing activities.

A positive net cash flow of RM44.3 million was recorded from operating activities (FY2020: RM81.5 million). Full and final settlement of a term loan together with ongoing interest obligations, amongst other repayments, led to an outflow of RM67.7 million (FY2020: RM52.7 million) for financing activities.

Liquidity recorded a downward trend with cash and cash equivalents registering at RM23.4 million against RM46.5 million in FY2020.

MATERIAL RISK EXPOSURE

The following identified risks may cause a material impact on the Group's operations and financial condition. Risk mitigation strategies and measures are tabled below.

RISK TYPE	DESCRIPTION OF RISK	MITIGATION STRATEGIES & MEASURES
Stop-Work Order Risk associated with the Covid-19 pandemic	A stop-work order on vessel operations issued by the authorities and/or clients due to positive Covid-19 cases or lax adherence to Covid-19 health SOPs and guidelines. Interruptions to business operations affect revenue generation and Group reputation.	• Group-wide vaccination programme organised in the 3rd quarter of 2021 for all employees to complete two doses of the Covid-19 vaccine. • All employees were required to receive their booster vaccine by 28 February 2022. • Regular briefing for employees on compliance to Covid-19 SOPs vis-à-vis impact on Group operations. More Covid-19 SOP compliance activities are detailed under 'Review of Operating Activities'.

MATERIAL RISK EXPOSURE (CONT'D)

RISK TYPE	DESCRIPTION OF RISK	MITIGATION STRATEGIES & MEASURES
Competition Risk vis-à-vis lower daily charter rates ("DCR")	Bids involving lower DCRs are prevalent amid tight competition for OSV business. Permitting a lower DCR than the market rate to secure a tender will result in lower revenue for the Group.	• The rationale for the Group's DCR is explained during the bidding process to achieve a win-win outcome. • Any request for a steep reduction of DCR will be presented by the Tender Department to the Group's Managing Director and Executive Director for approval.
Bribery and Corruption Risk in relation to Section 17A (or other sections) of the amended Malaysian Anti-Corruption Commission Act 2009 ("MACC Act")	Should a breach of Section 17A, MACC Act occur, the persons involved in the criminal offence would be liable to heavy fines and/or imprisonment, in addition to legal costs incurred by the Group to defend the case. This would impact the Group's reputation in the OSV industry besides financial expenses incurred.	• The Group adopts a zero-tolerance policy against all forms of bribery and corruption. It is committed to conduct business and operations to the highest ethical standards with integrity. • Anti-Bribery and Corruption Policies and Procedures (available on the Group website). • Inclusion of Section 17A in the risk registers of all departments. • Constant monitoring and assessment of potential situations of conflict.
Cancellation Risk or Early Termination Risk for contracts	A common clause in the charter contracts of oil majors allows clients the right to cancellation or early termination. This risk could cause a loss of Group revenue.	• Ensuring excellent service is rendered at all times for the vessels on-hire, and establishing good rapport with clients and end users. • All operations personnel to comply with Covid-19 health SOPs, since a Covid-19 outbreak could result in vessel lockdown or termination of contract.
Credit Control Risk	Certain EPCC contractors of oil majors were unable to meet their contractual payment obligations. In FY2021, 20% of Group contracts were identified as a credit control risk. This led to: • a shortfall in revenue collection; • an impairment loss on trade receivables; and • an impact on liquidity due to lower cash flows from operating activities.	• Determining the creditworthiness of vessel charterers by assessing their financial strength and credit risk. • Conducting due diligence during the tender process, i.e. 'Know Your Client'. • Setting accurate credit limits and tighter payment terms for charter contracts, where necessary.
Ageing Fleet Risk	Save for five AWBs, the rest of the Group's vessels are 13 years' old or more and thus considered an ageing fleet. Older vessels are prone to equipment failure and risk of breakdown during charter service. Fewer vessels fit for hire would impact business operations and reduce Group competitiveness. Larger repair and maintenance expenses also add to the Group's cost of services.	A fleet renewal exercise is under way. Meanwhile, the Group continues integrated maintenance of the current fleet involving: • regular fleet servicing under a planned schedule; and • comprehensive maintenance works for the vessels.

MANAGEMENT DISCUSSION AND ANALYSIS
(Cont'd)

FORWARD-LOOKING STATEMENT

As Malaysia moves towards the Covid-19 endemic phase from 1 April 2022, the Group looks forward to an easing of pandemic-related restrictions and a progressive return to pre-pandemic levels of operating activity, although a recovery of the OSV industry is anticipated to be challenging. Operations-wise, 2022 is expected to be busier as the Group reviews its line-up of projects and catches up with the backlog of activities planned a year earlier.

Improved crude oil prices in 2021 and rising global demand for petroleum have spurred oil majors to plan for a larger number of upstream projects in 2022. The PETRONAS Activity Outlook 2022-2024 for example, expects a steady outlook for OSV due to the consistent demand for vessels supporting production operations in Malaysian waters. The Group is inclined to hold a bullish outlook for 2022 since the O&G industry has shown better-than-expected signs of rebound.

The fleet replacement programme will be integral to the sustainability of the Group's business since a modern and efficient fleet will sharpen the Group's edge over competitors in the OSV industry. At this juncture, the Group is approaching funding sources while assessing the right sizing and type of assets to acquire.

The Group has not considered any other new business or investment at this point since the focus for 2022 is on implementation of the Group's turnaround plan.

Business Development

The Group will continue to participate in available tenders in the market and given its competitve footing arising from its strategic alliance with the Dayang Group, the Group hopes to build on its tender and order books.

Furthermore, the Group will intensify its business development activities in line with the re-opening of Malaysia's borders in the second quarter of 2022.

Some key initiatives being considered for 2022 are:
- to boost the Group's client portfolio of O&G majors in a bid to seek direct contracts with them, thereby ensuring more secured revenue. This is a strategic step to tackle the growing incidence of impairment loss on trade receivables observed in 2021, particularly among EPCC contractors.
- tapping onto the expansion of O&G activities in Sarawak to build a stronger Group presence in the state, a key market for OSV activity. The Group will also benefit from closer operational coordination and support from the Dayang Group based there.

By improving on the management of client accounts, adopting a client-centric approach, and focusing on its sustainability objective at all times, the Group is cautiously optimistic that a reversal of fortunes is on the horizon.

Dividend Policy

No dividend was declared by the Board of Directors for FY2021. The Group has not established a dividend policy, given its financial performance. Dividend distribution will be considered once the Group achieves its sustainability target and annual profits return on a firmer footing.

ACKNOWLEDGEMENTS

It is undoubtedly no easy task to steer a ship out from turbulent waters, so I wish to record my highest appreciation to our Chairman and Board of Directors for their trust in me to perform this crucial undertaking. I am grateful to rely on their insightful guidance and astute wisdom to advance the Group and to deliver future returns for our shareholders.

My due credit and gratitude go to our parent company the Dayang Group for standing by us, vis-à-vis the Group's business sustainability plan and long-term strategic alliance. I also would like to thank the banks, financial institutions and regulatory authorities for their assistance, and our clients, business associates and loyal shareholders for their support and understanding during this time.

Steven Jobs said, "Great things in business are never done by one person. They're done by a team of people." And so, with utmost appreciation, I thank our Management, marine crews, and all other personnel who remain dedicated to giving their best for better days ahead. Together we will accomplish the turnaround of the Group with patience and persistence in the face of adversity.

Jamalludin Bin Obeng
Managing Director

SUSTAINABILITY REPORT

REPORTING FRAMEWORKS APPLIED

Our Sustainability Reporting ("SR2021") was prepared using the following frameworks and guidelines:

- Bursa Malaysia Securities Berhad's Main Market Listing Requirements;
- Global Reporting Initiative ("GRI") Standards 2020 Core Option;
- United Nations Sustainability Development Goals ("UNSDGs"); and
- FTSE4Good Sustainability Index

REPORTING PERIOD AND CYCLE

The SR2021's reporting period is from 1 January 2021 to 31 December 2021, also known as financial year ended 31 December 2021 ("FY2021"), unless otherwise stated. This report may showcase historical statistical data for certain disclosures where appropriate in order to show important trend lines and ensure reader can better understand the comparative performance achieved. The reporting cycles for SR2021 is annually.

MEMBERSHIP IN ASSOCIATIONS

We hold memberships in various industry associations that allow us to facilitate better application of sustainability best practices while imbuing awareness of sustainability matters across the Group's value chain. PERDANA is a member of the following professional bodies and industry associations:

1) Malaysia Shipowners' Association ("MASA")
2) The Malaysian Oil & Gas Services Council ("MOGSC")
3) Malaysia OSV Owners' Association ("MOSVA")

Environmental (E)

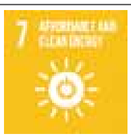
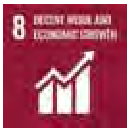
Social (S)

Governance (G)

The impact of the Covid-19 pandemic on the Group has been severe but it has prompted decisive and transformative action. On another note, the homes and belongings of several Group's personnel in Shah Alam and Hulu Langat were adversely affected by floods in December 2021.

These events underpin the need for strong and effective action on sustainability for Perdana. Sustainability is the key to the operations and continued growth of Perdana. The Group recognizes the need to minimise our impact on the environment and keeping our people protected and safe. The Group undertakes various sustainability initiatives and actions to mitigate the impact of the risks inherent to the nature of our operations.

Perdana's approach to sustainability is focused on the three broad areas of Environment, Social and Governance. In the preceding year, we had identified seven (7) SDG goals that the Group is committed to support. In the current year, we reviewed and selected nine (9) SDG goals which the Group would like to support. This is fine tuning the Group's alignment to its sustainability approach with the adopted United Nations Sustainability Development Goals ("UNSDGs") which is in accordance with the United Nations' 2030 Agenda for Sustainable Development since 2015.

ADOPTED UNSDGs	OUR GOALS
	**Healthy lives and promote well-being for all at all ages.** We are committed to create a safe workplace and promoting healthy living amongst our employees. For the Covid-19 pandemic, we had undertaken various Covid-19 management programmes, such as Green Bubble programmes, Mental Health is Wealth awareness, as well as stringent movement / quarantine procedures.
	**Achieve gender equality and empower all women and girls.** We practice no discriminatory policies against women in hiring and promotions.
	**Ensure availability and sustainable water management of water and sanitation for all.** We have implemented various measures to manage water quality, such as installing shipboard oily water separators, fresh water is subject to lab tests and water produced by water makers also go through lab tests.
	**Ensure access to affordable, reliable, sustainable, and modern energy for all.** We take stringent steps and tracking to enhance our ship energy efficiency and optimisation. This includes review of the age of our fleet for possible renewals when necessary.
	**Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.** We believe in being a responsible and caring employer. There were no salary cuts, no retrenchment amidst disruption caused by the Covid-19 pandemic throughout 2021.
	**Make cities and human settlements inclusive, safe, resilient and sustainable.** We equipped our staff with necessary peripherals to work flexibly in response to the Covid-19 pandemic.
	**Take urgent action to combat climate change and its impact.** We take concerted effort to minimise the impact of climate change through various measures such as reducing emission of CHG reduction of electricity consumption, use of low sulphur content fuel, amongst other.
	**Conserve and sustainably use the oceans, seas and marine resources for sustainable development.** We endeavour to contain marine pollution through ballast water management and proper waste management.
	**Strengthen the means of implementation and revitalize the global partnership for sustainable development.** We are active in engagement with our stakeholders to work on the sustainability agenda. We are members of MOSVA, MOGSC and MASA, and our operational approach are guided by their standards and protocols.

MATERIALITY MATTERS

Perdana conducted a materiality assessment in financial year ended 31 December 2021, of which eighteen (18) materiality sustainability matters were identified.

The materiality assessment process involved several steps which include:

- Identification of potential material topics by reviewing the GRI aspects, benchmarking against key corporate peers and analysing 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.

We continue to periodically evaluate the materiality of the impact on ESG of various items and issues. The materiality matters matrix is indicated as below:

IMPORTANCE TO STAKEHOLDERS \ IMPORTANCE TO BUSINESS	Medium	High	Very High
Very High		• Optimisation / resources • Networking - stakeholder • Quality • Reputation • Business model	• Compliance • Safety • Corporate governance • Customer satisfaction • Business ethics • Anti-corruption
High		• Market condition • Climate change • Procurement • Capital injection • Local environment impact • Political stability	• Customers' privacy
Medium			

STAKEHOLDERS ENGAGEMENT

At Perdana, we believe in communication and engagement with all stakeholders is the way forward for value creation and build up the Group together. We aim to build effective long-term stakeholder relationships and drive non-financial ESG value creation by garnering meaningful stakeholder feedback on materiality matters so that we can continue enhancing our approach to sustainability.

Our engagement with stakeholders were performed using various platforms and touchpoints, for feedback to assist in problem solving and solutions strategy. Some of the engagements were conducted via online platforms in view of the need for social distancing arising from the persistent pandemic conditions.

Stake Holder Group	Engagement Approach	Engagement Focus & Objectives	Frequency	Initiative
Customers	1) Conduct of the below for Health Safety & Environment ("HSE") Assurance Audit: • HSE Internal Audit • Contract Holder Assurance • Third Party Company's Internal Audit • Oil majors' audit	• To verify the Group's HSE compliance & Standard Operating Procedures ("SOP") quality management and assurance. • To correspond with operations & safety issues. • To cascade HSE incidents & its mitigation plan.	Daily and as and when is required.	• Regularly verify internal management system compliance such as understand the customers' requirements, the effectiveness of operating system, risk mitigation controls, and compliance with any relevant procedures, laws or regulations. • Participate in customers' operational meeting by way of remote participation. • Participate in HSSE engagement with customers and end user by way of remote participation. • Provide awareness and enforcement on the safety precautions implementation. • Discussion on project deadline, action items on the project, expense approvals, deliverables, scheduling of internal resources.
	2) Quarterly engagements with the customers	For sharing session on HSSE matters and implementation.	Quarterly	
	3) Launching of HSE Campaign together with customers as below: • Mental Health is Wealth • Monsoon ZIZA Campaign • Monsoon Season Safety • Think Rights You Craft Your Own Healthy	For sharing session on HSSE matters and implementation.	As and when is required	
	4) Monthly operational Meeting	To update monthly planning and share the mitigation action.	Monthly	
	5) Ad-hoc meeting: Solving of ad-hoc operational issues	To resolve issues, arise from daily operation.	As and when is required	

STAKEHOLDERS ENGAGEMENT (Cont'd)

Stake Holder Group	Engagement Approach	Engagement Focus & Objectives	Frequency	Initiative
Employees	1) Fleet Management: a. Management visit to vessels	Sharing & bonding between the management, employees & crews.	3 vessels per year	• Fixed periodic visit to operational areas and conduct engagement session with employees and/or crews on board as to build up a better communication from Management with all employees and/or crews.
	b. Operation/ Technical / HSE Superintendents conducted ship visit	To perform conditional vessels' inspection and office – shore engagement session.	At least once a year	
	c. Launch of Safety Campaigns: • Hand & Finger Injury • Housekeeping • Monsoon Season Slip, Trips & Falls • Covid-19 Management, prevention & monitoring by established the SOP	To cascading of HSE incident lesson learnt & mitigation plan. Conduct awareness and to supply of personal protective equipment ("PPE"), face mask, hand sanitizer, Covid disinfestation and test kit onboard vessel.	As and when is required	• Provide awareness and rewards program. • Regularly sharing of lesson learnt from incidents and safety alerts.
	d. Provide job related specific training programmes to the crews	To meet the rules and regulations and customers' requirements.	Monthly & as and when required	
	e. Maintain an accident rate monitoring report	Safety awareness	Daily	
	2) Office Management: • Conduct event such as annual dinner, festival season celebrations, thematic celebration and other events. • Town hall session with the Managing Director • Incorporation of Whistle Blowing policy and procedures • Management meetings • Provide job level specific training programmes • Issuance of memo on any new company updates	• Corporate direction and growth plan • Job Security • Workplace health and safety • Labour and human rights	As and when required	

STAKEHOLDERS ENGAGEMENT (Cont'd)

Stake Holder Group	Engagement Approach	Engagement Focus & Objectives	Frequency	Initiative
Suppliers	• Incorporation of Code of Ethics which is in line with company's policy • Quotation comparison • Conduct suppliers evaluation • Yearly review of suppliers' profile	Pricing competitiveness and vendor performance on stock sourcing and delivery.	Daily and as and when is required	• Proper procurement system to meet the operation needs • Suppliers' evaluation conducted
Regulators	Compliance with Statutory Requirement of various regulators such as: • 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	Keep up to date on the changes to the rules and regulation to ensure compliances.	Yearly	• Obtain any new circulars, regulations and requirements from the statutory regulators and authorities. • Regularly review and updates internal procedures and SOP to meet up with the statutory requirements on the new regulations or latest updates.
Community	Regular engagement with the below: • MOSVA • MASA • MOGSC • MOST	Social requirements and specific feedback on programmes.	Routine engagement or as and when is required	Meeting and correspondences
Media	Timely Bursa announcements, analyst briefing, social media coverage.	Quarterly and as and when required.	New developments for public knowledge	Announcements and reports are made on timely basis.

SUSTAINABILITY: ENVIRONMENTAL

As a major step forward in reducing emissions from our OSV, we are reviewing the age of our fleet with a view to renew our vessels. New vessels would have reduced CO_2 emissions and minimal pollution.

Environment Management

Perdana is committed to environment management as one of the key initiatives towards managing and mitigating the adverse effects of climate change. The Group has taken stringent areas in addressing these issues in the various areas of its operations. We are members of the following organisations:

- Malaysia Shipowners' Association ("MASA");
- The Malaysian Oil & Gas Services Council ("MOGSC");
- Malaysia OSV Owners' Association ("MOSVA"); and
- Malaysia Offshore Safety Task force ("MOST").

Accordingly, our operational approaches are guided by their standards and protocols.

Emissions

In pursuit of combatting climate change, the Group's Operations department strives to monitor the overall CO_2 emissions and emissions intensity wherever possible.

All our vessels and related equipment have undergone scheduled maintenance, testing and repair works on a periodic basis as per the International Convention for the Prevention of Pollution from Ships ("MARPOL") convention. To minimise unduly high level of emissions, we use low level sulphur diesel.

As a major step forward in reducing emissions from our OSV, we are reviewing the age of our fleet with a view to renew our vessels. New vessels would have reduced CO_2 emissions and minimal pollution.
We continually explore, adopt, and manage initiatives that are appropriate to help reduce CO_2 emissions.

Waste Management

As an integral part of protecting the environment in the area of pollution prevention and minimise or avoid unnecessary consumption and wastage of any natural resources, the Group has implemented responsible procedures on waste management.

- **Garbage Management Plan**

The Group has strict procedures on garbage management. The procedures for collecting, storing, processing, and disposing of garbage generated on board ships adhere to the regulations provided in Annex V of MARPOL.

- **Schedules / Hazardous Waste Management**

We are aware of the need for hazardous waste to be properly managed and disposed of safely and appropriately to eliminate any risks of negative environmental impact.

Our vessels' crew 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.

- **Paperless Policy**

To minimise the impact of attrition of the forests, the Group adopted a paperless policy where, as much possible, documents and information are stored electronically and where possible, transactions are to be performed also electronically.

Water Management

Water is a precious commodity for the sustenance of living creatures. We implement various measures to manage water quality, such as installing shipboard oily water separators, fresh water is subject to lab tests and water produced by water makers also go through lab tests.

In tandem with ensuring that water in the seas is not polluted by our vessels, we reiterate to our charterer on the adherence to standards and protocol advocated by the respective bodies.

Electricity Consumption

The Group is mindful of its energy consumption, which is mainly electricity consumption. We strived to reduce electricity consumption during the financial year as the operations momentum picked up due to the opening of business activities due to the easing of FY2021's Covid-19 lockdown.

Some of the initiatives include:
- use of light-emitting diode ("LED") lights
- purchase low energy consumption machines where possible
- promote energy savings habits among users

To complement these efforts, all employees are always being reminded and made aware of the need to save usage of electricity, with visual reminders / posters at various strategic points.

SUSTAINABILITY: SOCIAL

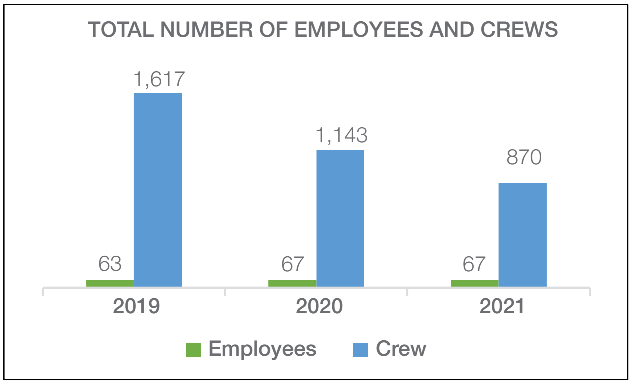
The Group appreciates and values the human factor in promoting sustainability goals. In this case, the Group values and appreciates the employees, who are the core resources of an organisation, and the local community.

The Group adopts a proactive approach towards the employees management. Our strategy aims to prepare our Group the evolving expectations of future generations of employees and changes in the workplace environment. The new flexible ways of working including remote working, will have an important impact on working processes, knowledge retention and succession planning for the Group, and our strategy reflects this. Our talent management is based on promoting performance management, leadership development, succession planning and employee capability building. It is implemented at all levels of the organisation in partnership with our leaders, business managers and operation teams, to support our business priorities and growth strategy.

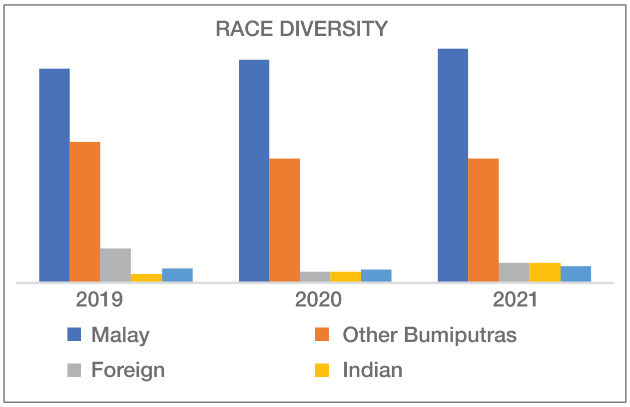
Workplace Management

Our workplace management initiatives are aimed at securing the long-term sustainability of our human capital, namely our employees. The Group believes in nurturing and developing talent as human capital is one of the key success factors towards a progressive organisation.

The Group feels that it is crucial that the staff force possesses the right mindset and code of conduct to ensure that they fit in with the Group's our corporate culture and dealings with our clients and other stakeholders.



Workplace Diversity



The Group subscribes to the view that of the advantages of having a diverse pool of employees who can contribute unique viewpoints based on their unique contexts and backgrounds. It should cut across the organisational structure, so that diversity can be represented at each tier of the organisation. This reiterates the Group's stance against all forms of discrimination regardless of gender, age, race, religion, cultural background, ethnicity, or disability.

This would enhance the depth of discussions and can promote innovation and creativity due to the richness in background of the different cultures.

Our Workplace Diversity Policy is embedded in the areas of:

i. Recruitment

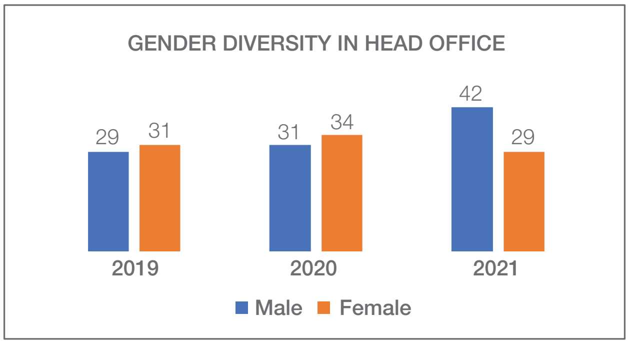
Candidates for employment are assessed based as per the Group's needs and requirements and matched in their tasks to their experience and qualifications.

ii. Operations

All personnel are expected to make conscious efforts to be inclusive in all activities within the Group, and subject to the Group's Code of Ethical Conduct.

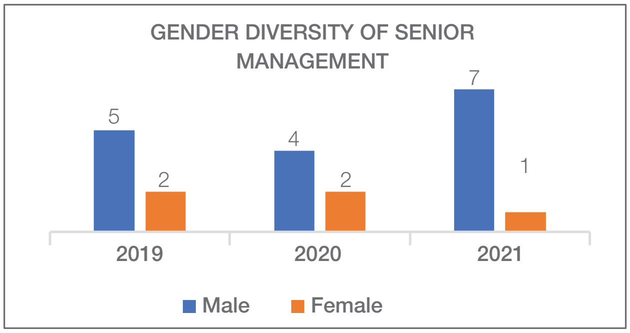
SUSTAINABILITY: SOCIAL (CONT'D)

Women Empowerment at Management Level



In line with the Group's stance on diversity, we give equal opportunities for women to participate in management of the Group. Women in management may face unique organisational, societal, structural, and cultural hurdles. To mitigate this, the Group takes effort to identify talent and nurture the personal and professional development of women in the new business world.

The composition of our management is 1 out of 8 is women.



Workplace safety and health

The Group is aware of the need of a safe and healthy working environment for its employees. Thus, the Group is committed to the provision of a safe and productive workspace for all our employees to ensure that no individual is harmed or hurt in the course of performing their duties on behalf of the Group. We take all necessary steps to secure employee safety, including assigning them with personal protective equipment when necessary. The Group's health and safety are governed by the Occupational Safety and Health ("OSH") Committee.

During the year, HSE launched the following Safety Campaign:
- Hand & Finger Injury
- Housekeeping
- Monsoon Season
- Slip, Trips & Falls
- Accident rate monitoring
- Covid-19 Management:
  - ✓ Prevention & monitoring by established the SOP,
  - ✓ Providing PPE, face masks, hand sanitizers and other essentials,
  - ✓ Covid disinfestation, and
  - ✓ Saliva test kit onboard vessel.

Additionally, the Group had also collaborated with our customers and/or oil majors to undertake a HSE Internal Audit and launched the following HSE Campaign by the oil majors and clients which includes the below:

- Mental Health is Wealth
- Monsoon ZIZA Campaign
- Monsoon Season Safety
- Think Rights You Craft Your Own Healthy

For FY2021, the Group has zero Loss Time Injury (LTI) cases in 2021 and a total of 1,610,647 LTI-free manhours for the year.

Man Hours	2019	2020	2021
Total	2,015,409	1,909,930	1,610,647
Accumulated	13,385,438	15,376,370	16,987,017

The Group continue to take precaution and there is no Lost Time Injury Frequency ("LTIF").

In 2021, we saw the full brunt of Covid-19 and its impact on the working environment. As the employees' safety and health were the top priorities, the Group continued to implement and enforce various safety measures to keep our employees safe amid the prolonged pandemic.

The Group adapted its operational processes for marine crews to meet the client's Covid-19 management requirements, i.e. adopting 'The Green Bubble Program for Offshore Personnel' by PETRONAS.

The following action steps were to contain the Covid-19 impact on the workplace:

- Converting employees' learning and development programmes to online classes.
  Meetings and discussions conducted virtually.
- Written communication and briefing to all employees on the SOP. Strict compliance to SOP required.
- Covid-19 vaccination awareness talks and vaccination programme for staff.
- Provision of saliva test kit onboard.
- Installation of temperature sensor and sanitizer station at key entry points.
- Supply of PPE and test kits on vessels and office.

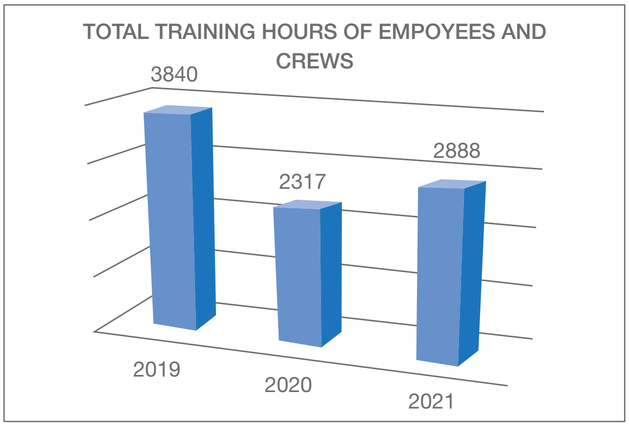
SUSTAINABILITY: SOCIAL (CONT'D)

Talent Management

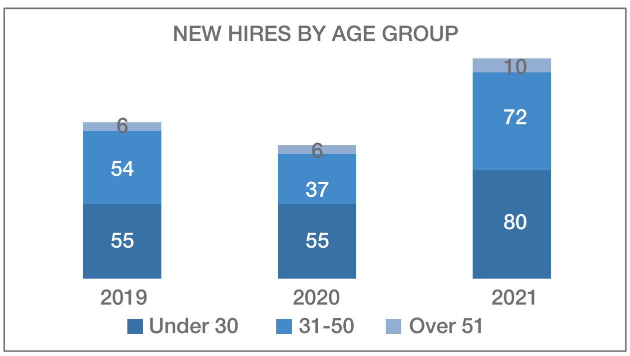
Talent development and nurturing is part of our Human Resources and crewing strategy and is implemented at all organisational levels. We tailor our talent development programs to suit business needs and employee expectations, ensuring that our highly skilled and engaged talents are equipped to meet the needs of our stakeholders.

During the year, several key programmes were undertaken for the crews for job requirement and talent development and nurturing:

Thematic training	Description
H2s	Hydrogen Sulphide Safety
DFA	Designated First Aider
RIGGER (API)	RIGGER (API)
HDA	Helideck Assistant
HLO	Helicopter Landing Officer
HRO	Helideck Radio Operator
HERTM	Helideck Emergency Response Team Member



The Group also believes in giving opportunities to those never employed before with a view to help them gain a foothold in the marine industry.



Employee Engagement

Various engagements were held throughout the year, with a view provide our employees with the opportunity to provide feedback and to hear them out. These would subsequently foster a positive and inclusive workplace. We engaged our people in the business and culture transformation initiatives and encouraged them to share their feedback, ideas, and suggestions directly with senior management via various channels such as townhall, briefings and leadership sharing sessions. Likewise, our leaders engaged closely their respective team to cascade messages including sharing on business performances and updates.

Programmes	Objective
Fleet Management: Top Management Visit	Sharing & bonding between the management, employees and crews.
Superintendent ship visit: Total 30 visits completed by way of remote participation (electronic meeting) by Operation/ Technical / HSE Superintendent.	Perform conditional vessels' inspection and office Shore engagement session.
Employee events such as annual dinner, festival season celebrations, thematic celebration, and other programmes.	Promote employees' sense of belonging and foster goodwill and bonding.
Town hall session with the Managing Director	Promotes open communication and feedback.
Management meetings with employees	Promotes open communication, feedback and problem solving.

SUSTAINABILITY: SOCIAL (CONT'D)

Staff Welfare

Employees who are motivated and have high morale would translate into higher efficiency and productivity, as well as lower attrition rates.

Welfare development is therefore an important element in securing the sustainability of our human capital. To ensure that our employees feel protected, the following key policies have been put in place:

Policy	Objective
Whistle blowing policy	Employees are encouraged to report any breaches in professional conduct to the appropriate authority. The Whistleblowing Policy ensures employees do not suffer any retribution for reporting these breaches.
Harassment policy	Our Harassment Policy defines the nature of harassment and stipulates our zero-tolerance position towards any form of harassment against our employees.
Grievance policy	This policy provides a step-by-step guide for employees when reporting grievances and seeking redress for any harm suffered.

Additionally, the Group extends the following benefits to staff:

- Breakfast and lunch provided to staff
- Study leaves for staff taking examinations
- Financial support to staff / crew who passed away
- Covid test fees borne by the Group
- Medical insurance cover extended to immediate dependents

Community Engagement

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. As a responsible corporate citizen, we are always willing to render assistance to those who are impacted by disasters due to forces of nature. In December 2021, the devastating effect of floods affected the homes and belongings of several Group personnel in Shah Alam and Hulu Langat. We presented monetary aid and cleaning supplies to them as part of flood relief efforts. This assistance in-kind was also extended to affected personnel of our parent company, Dayang Enterprise Holdings Berhad (the "Dayang Group").

SUSTAINABILITY: SOCIAL (CONT'D)

We had assist an industry associates in early May 2021 when our largest AHTS vessel Perdana Marathon was involved in a rescue operation to save the crew onboard Velesto Energy Berhad's Naga 7 rig which suffered a structural accident off the coast of Sarawak. Together with another vessel Armada Tuah, we safely rescued all 101 crew members and transferred them onshore with zero casualties reported.

SUSTAINABILITY: GOVERNANCE

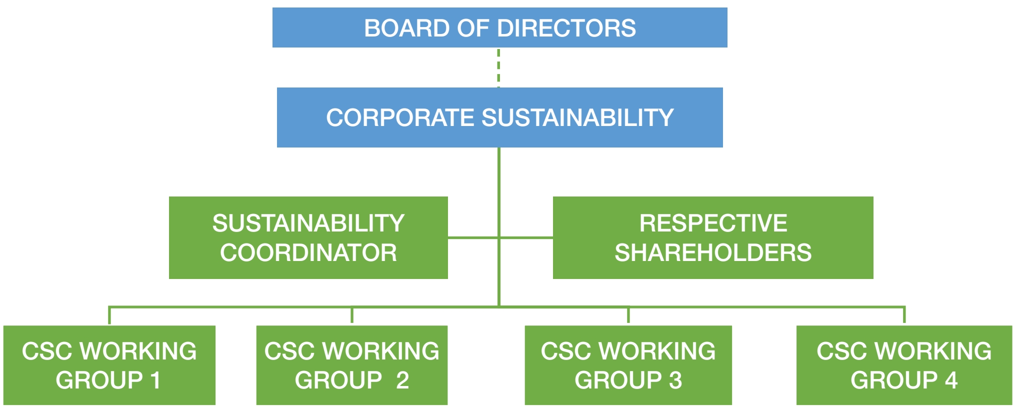
Perdana has always believe that a strong governance culture is the way to manage the Group and steer it to greater heights. The same is applicable for sustainability and a strong sustainability governance structure will ensure the implementation of effective sustainability practices across the Group's operations.

Corporate Governance

The Board of Directors has set up various Board Committees, namely the Audit and Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC"), which assist the main Board in overseeing various specific areas to facilitate effectiveness of corporate governance. This is supported by a risk management framework.

Sustainability Governance

The Board is responsible for the sustainability agenda and oversees the initiatives and action taken by the Group, to ensure that these are aligned with the strategic direction of the Group. The Board believes that the continuous growth and improvement towards sustainability initiatives and performance needs the support and commitment from all sustainability team members. In this respect, the sustainability governance structure encompasses and embeds responsibility across various multiple level levels of authority.



SUSTAINABILITY: GOVERNANCE (CONT'D)

Sustainability Governance (cont'd)

To drive and implement the sustainability initiatives, the Group has set up a Corporate Sustainability Committee ("CSC"). The responsibilities of the CSC are:
- Advise / suggest the Board on sustainable strategies;
- Monitor the implementation of sustainability strategies as approved by the Board; and
- 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.

The Group believes in upholding high standards of ethical business practices and corporate governance to ensure no disruption to the value creation journey. Perdana has also established a corporate governance framework in line with the recommendations of the Malaysia Code of Corporate Governance 2021. The Group is committed to the requirements of corporate liability established through Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The governance framework is supported by the main compliance policies and standards:

Ethics Management

Ethical practices are operationalised through two main areas:

i. Leadership ethics

The Group Board adopts a top-down tone approach for our business management and operations. Both the Board and the Management have oversight on business decisions and corporate strategy, taking into account the impact on the relevant stakeholders, such as employees, partners, supply chain and others.

Setting the right tone at the top on ethical practices promotes a strong sense of integrity and a responsible working culture and environment throughout the Group.

ii. Employees' ethics

Promoting high standards of business ethics improve employees' morale and performance, which will result in greater employee satisfaction and talent retention. The Group has set out a Code of Ethics as well as a comprehensive anti-corruption and anti-bribery policy to guide all employees.

Whistle-Blower Policy and Procedures

In line with the Group's standard of transparency, integrity and accountability in the conduct of its business, 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.

Supply Chain Management

The Group holds the stance that a sustainable supply chain helps to ensure efficient productivity, reduces cost structure, and minimises the Group's operational and financial risks. This should be practiced in concert with our Code of Ethical Conduct.

Perdana has implemented a vendor assessment programme, together with declaration of anti-bribery and anti-corruption. Supporting these are other initiatives, such as:
- Quotation comparison
- Supplier's evaluations
- Review of suppliers' profile

The Group is continually fine tuning the vendor selection criteria, to include assessment on suppliers' compliance with environmental and human management sustainability and would form part of the Group's sustainability policies for procurement.

The Way Forward

The Covid-19 pandemic experience of 2021 has highlighted the importance of health and safety, which are part of the ESG components in the sustainability approach.

There will be an easing of pandemic-related restrictions and a slow but gradual return to pre-pandemic levels of operating activity. Moving forward the Group's sustainability framework and approach has to be well placed to move in tandem the anticipated increase in business activities.

The fleet renewal programme would form a major step in environment management. The Group will continue to fine tune and align its sustainability approach with its business strategies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the "Director" or "Board") of Perdana (the "Group" or "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 2021 ("FY2021") 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 Risk Management Framework and Policies.

THE BOARD OF DIRECTORS

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 and anti-bribery and corruption policies were 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 (the "Board Committees"), Chairman, Managing Director, and Executive Director, is available on the corporate website of the Company for easy access.

Size and Composition

The Board currently comprises eight (8) members of whom four (4) are Independent Non-Executive Director, a Managing Director, an Executive Director and two (2) are Non-Independent Non-Executive Director.

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.

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 OF DIRECTORS (CONT'D)

Size and Composition (Cont'd)

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 eight (8) 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 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. The appointment of Cik Ruziah binti Mohd Amin to the Board on 18 June 2021 reflects that the Board recognized the value of a lady member of the Board and this was an initial step taken towards achieving a more gender diversified Board.

En Jamalludin Bin Obeng was appointed Managing Director on 1 October 2021.

The diversity in terms gender, ethnicity and age at the Board and Senior Management level are as follows:

Board Diversity in:				
		%		**%**
Gender	Male	88	Female	12
Race/Ethnicity	Malay	75	Indian & Chinese	25
Nationality	Malaysian	100	Non-Malaysian	0
Age Group	30 to 50 Years	0	Above 50 Years	100

Senior Management Diversity in:				
		%		**%**
Gender	Male	88	Female	12
Race/Ethnicity	Malay	88	Indian & Chinese	12
Nationality	Malaysian	100	Non-Malaysian	0
Age Group	30 to 50 Years	50	Above 50 Years	50

Board Meetings and Supply of Information

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 BOARD OF DIRECTORS (CONT'D)

Board Meetings and Supply of Information (Cont'd)

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 Group 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 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 FY2021.

During the FY2021, the Board met seven (7) times and the attendance records of the present and past Board members are as follows:-

Name of Directors	Attendance
Tengku Dato' Yusof Bin Tengku Ahmad Shahruddin *(appointed on 18 August 2020; resigned on 1 October 2021)*	6/6
En Jamalludin Bin Obeng *(appointed on 1 October 2021)*	1/1
En Alias bin Mat Lazin	7/7
Datuk Dr Abd Hapiz bin Abdullah	7/7
Datuk Mohd Jafni bin Mohd Alias *(demised on 9 June 2021)*	2/5
Dato' Gerald Hans Isaac *(resigned on 23 March 2021)*	1/1
Pn Siti Nur Mokhtar *(resigned on 23 March 2021)*	1/1
Datuk Selva Kumar A/L Mookiah *(appointed on 18 June 2021)*	1/2
Ruziah Binti Mohd Amin *(appointed on 18 June 2021)*	2/2
Zakaria Bin Kasah *(appointed on 18 June 2021)*	2/2
Mr Chin Chee Kong	7/7
Datuk Hasmi bin Hasnan	7/7
Ms Emily Hii San San *(alternate to Datuk Hasmi bin Hasnan) (vacated on 24 March 2022)*	n/a

THE BOARD OF DIRECTORS (CONT'D)

Directors' Training and Education

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 Senior Management on the operations and policies of the Company to familiarise themselves with the Company's business.

During the FY2021, the Directors have individually or collectively attended the following courses / seminars set out below:

- Understanding Corporate Liability Provision Section 17A of MACC Act 2018 & Establishing Adequate Procedures (Beginner)
- Understanding Corporate Liability Provision Section 17A of MACC Act 2018 & Establishing Adequate Procedures (Intermediate)
- Key Disclosure Obligations of a Listed Company
- Cybersecurity: A Boardroom Agenda
- Mandatory Accreditation Program
- Ethics & Integrity
- Do the Right Thing
- The Healthy Board
- Tea talk series – The Changing Dynamics Between Enterprise Risk Management and Internal Audit
- Cyber Security Briefing
- KPMG Webinar ~ Sustainable Finance: Making Better Financial Decisions
- Investment Opportunities in RMB and Prospect of Green Bonds
- Implementing Amendments in the Malaysian Code on Corporate Governance
- JC3 Identifying and Reporting Climate-related Financial Risk Workshop (Climate-related Disclosures)
- JC3 Annual Flagship Conference 2021: Sustainability as a Business Strategy and the Role of Finance
- JC3 Annual Flagship Conference 2021: Sustainability as a Business Strategy for Financial Institutions (Institutional Banking Track)
- JC3 Annual Flagship Conference 2021: Outcomes and Implications for Malaysian Financial Institutions
- JC3 Annual Flagship Conference 2021: Sustainable Finance for the Private Sector
- Exploring Market Developments and Outlook
- Asian School of Business "Malaysian Code on Corporate Governance"
- AFA-MIA-CPA Australia "Integrated Reporting - The Asean Experience"
- KPMG "Board and Audit Committee Priorities 2021"
- KPMG "A Dialogue with the CEO of IRB"
- RDS "Corporate Fraud - Looking Beyond the Boardroom"
- Deloitte "Digital Finance -Seeing is Believing"
- The National Recovery Summit
- Anti-Money Laundering/Counter Financing of Terrorism Annual Refresher Training
- KPMG Tax and Business Summit 2021
- KPMG 2021 MFRS Updates Seminar
- GO ESG ASEAN 2021 Virtual Summit
- Audit Oversight Board Conversation with Audit Committees
- KPMG: Proposed Special Voluntary Disclosure and Amnesty Program ("VA") - Indirect Taxes

THE BOARD OF DIRECTORS (CONT'D)

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 Managing Director and Executive Director 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 Managing Director and Executive Director are sufficiently attractive to draw in and to retain persons of high caliber.

The Board as a whole determines the remuneration of the 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 Managing Director's and Executive Director's remuneration and the remuneration package for both Managing Director and Executive Director, drawing from outside advice as necessary;

b. To recommend to the Board any performance related pay schemes for Managing Director and Executive Director;

c. To review Managing Director's and Executive Director's 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.

THE BOARD OF DIRECTORS (CONT'D)

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 composition of the current Board Committees is reflected as follows:

Director	Audit and Risk Management Committee	Nomination Committee	Remuneration Committee
Chin Chee Kong	Member	Member	Chairman
Ruziah Binti Mohd Amin	Chairman *(Appointed on 18 June 2021)*	Member *(Appointed on 18 June 2021)*	Member *(Appointed on 18 June 2021)*
Zakaria Bin Kasah	Member *(Appointed on 18 June 2021)*	Chairman *(Appointed on 18 June 2021)*	Member *(Appointed on 18 June 2021)*
Datuk Selva Kumar A/L Mookiah	Member *(Appointed on 18 June 2021)*	Member *(Appointed on 18 June 2021)*	Member *(Appointed on 18 June 2021)*

THE BOARD OF DIRECTORS (CONT'D)

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 FY2021 are as follows:

Director	Fees (RM'000)	Allowances (RM'000)	Meeting Allowances (RM'000)	Salaries (RM'000)	Total (RM'000)
Tengku Dato' Yusof Bin Tengku Ahmad Shahruddin *(resigned on 1 October 2021)*	–	90.0	–	90.0	180.0
Jamalludin Bin Obeng *(appointed on 1 October 2021)*	–	–	–	210.0	210.0
Alias bin Mat Lazin	–	108.0	–	–	108.0
Datuk Dr Abd Hapiz bin Abdullah	140.0	–	8.0	–	148.0
Datuk Mohd Jafni bin Mohd Alias *(demised on 9 June 2021)*	36.0	–	6.0	–	42.0
Dato' Gerald Hans Isaac *(resigned on 23 March 2021)*	16.6	–	1.0	–	17.6
Siti Nur Binti Mokhtar *(resigned on 23 March 2021)*	16.6	–	3.5	–	20.1
Datuk Selva Kumar A/L Mookiah *(appointed on 18 June 2021)*	38.5	–	2.0	–	40.5
Ruziah Binti Mohd Amin *(appointed on 18 June 2021)*	38.5	–	3.0	–	41.5
Zakaria Bin Kasah *(appointed on 18 June 2021)*	38.5	–	3.0	–	41.5
Chin Chee Kong	72.0	–	11.0	–	83.0
Datuk Hasmi bin Hasnan	18.0	–	3.5	–	21.5

There was no bonus or benefit-in-kind declared for any of the Directors in the FY2021 and the Directors are not paid remuneration by the subsidiary companies.

SUSTAINABILITY

The Board is responsible for the sustainability agenda and oversees the initiatives and action taken by the Group, to ensure that these are aligned with the strategic direction of the Group. A Corporate Sustainability Committee has been set up to drive and implement the sustainability initiatives. The Board believes that the continuous growth and improvement towards sustainability initiatives and performance needs the support and commitment from all sustainability team members. In this respect, the sustainability governance structure encompasses and embeds responsibility across various multiple level levels of authority.

The Group believes that communication and engagement with all stakeholders is the way forward for value creation and build up the Group together. With the aim to build effective long-term stakeholder relationships and drive non-financial ESG value creation, the Group garners meaningful stakeholder feedback on materiality matters so that the Group can continue enhancing the sustainability approach. Engagement with stakeholders are performed using various platforms and touchpoints, for feedback to assist in problem solving and solutions strategy. Some of the engagements were conducted via online platforms in view of the need for social distancing arising from the persistent pandemic conditions.

The Board has sufficient understanding and knowledge of the sustainability issues that are relevant to the Group and its business, to discharge its role effectively. The sustainability risks and opportunities are also assessed before major decisions are made by the Board. The Board will identify its professional development needs in the new financial year concerning sustainability and ensure these are addressed. The Board will also include the performance evaluation of the Board and Sustainability Committee on the progress against the achievement of sustainability targets in the new financial year.

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.

ACCOUNTABILITY AND AUDIT (CONT'D)

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.

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, Managing Director 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.

ACCOUNTABILITY AND AUDIT (CONT'D)

Effective Communications with Shareholders

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's 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.

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.

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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 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 2021, 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.

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ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds Raised From Corporate Proposal

(a) Corporate Proposal - Fund Raising

There was no fund-raising corporate proposal carried out during the financial year ended 31 December 2021.

(b) Conversion of Redeemable Convertible Preference Shares ("RCPS")

As of 31 March 2022, a total of 1,438,386,742 RCPS which represents 98.3% 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 2,216,857,691 units.

2. 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 2021 is as follows:

	Group (RM'000)	Company (RM'000)
Audit Fee	270	62
Non-Audit Fees:		
Tax Fee	47	18
Other Fees	10	10
Total	**327**	**90**

3. 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 2021 other than the related party transaction with Dayang Enterprise Sdn Bhd for the chartering of vessels which has been disclosed in Note 27 of the audited financial statement for financial year ended 31 December 2021.

4. Variation in Results

There was no material variances between the audited results for the financial year ended 31 December 2021 and the unaudited results previously announced.

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AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Members

The current members of the Audit and Risk Management Committee ("ARMC") are as follows:

Ruziah Binti Mohd Amin	Chairman (Independent Non-Executive Director)
Datuk Selva Kumar A/L Mookiah	Member (Independent Non-Executive Director)
Zakaria Bin Kasah	Member (Independent Non-Executive Director)
Chin Chee Kong	Member (Non-Independent Non-Executive Director)

Responsibilities

The ARMC 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 and recommend for Board's approval of the provision non-audit service by the External Auditor and to ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgement 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 Outsourced Internal Audit service provider;
- 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 outsourced internal audit service provider; and on occasion to commission audit engagements to be conducted on the Committee's behalf;
- To perform any other duties as required by Bursa Malaysia Securities Berhad or any other regulatory bodies;
- To review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or source of conduct that raise questions of conflict;
- To review and recommend the Group's risk management framework and its implementation;
- To review the reports of the Risk Management Working Committee ("RMWC") and access the adequacy and effectiveness of risk management systems instituted in the Company and the Group;
- To approve the appointment or termination of members of the RMWC including review and approve their terms of reference;
- To provide advice (when necessary) to the Company in developing a structured approach, common methodology, tools and business risk management framework;
- To review adequacy and effectiveness of risk management policies and procedures;
- To prepare and highlight significant risks and/or issues for onwards reporting to and/or endorsement by the Board after reviewing the risk management report presented by the Company; and
- To perform any other duties as deemed appropriate or as authorised by the Board.

The purview of the ARMC extends to all the operations within the Company and the Group.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT **(Cont'd)**

Meetings held during the financial year 2021

The ARMC held five (5) meetings during the financial year under review with the following attendance record:

Members	Attendance
Ruziah Binti Mohd Amin *(Appointed on 18 June 2021)*	2/2
Datuk Selva Kumar A/L Mookiah *(Appointed on 18 June 2021)*	2/2
Zakaria Bin Kasah *(Appointed on 18 June 2021)*	2/2
Chin Chee Kong	5/5
Sitinur Binti Mothkar *(Resigned on 23 March 2021)*	1/1
Datuk Mohd Jafni Bin Mohd Alias *(Demised on 9 June 2021)*	2/2
Datuk Dr Abd Hapiz Bin Abdullah *(Ceased on 18 June 2021)*	2/2

Summary of Activities during financial year ended 31 December 2021

The ARMC activities during the financial year ended 31 December 2021 ("FY2021") encompassed the following:

- Reviewed the quarterly financial statements of FY2021 and the annual audited financial statements for FY2021, before recommending the same for the Board's approval;
- Approved the FY2021 risk-based Internal Audit Plan and received the Outsourced Internal Auditor's presentation of the Group's internal audit reports of the Group 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 Internal Audit Report issued by the outsourced internal audit service provider of the main operating subsidiaries;
- Reviewed the internal audit follow-up reports issued by the outsourced internal audit service provider to ensure key findings raised in the report are addressed accordingly;
- 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 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 FY2021;
- Deliberation on the external auditors' report on the observations made in the course of the audit;
- 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;
- Reviewed and recommended the Risk Management Framework for adoption; and
- Reviewed the risk register report on risk assessment for FY2021 tabled by Risk Management Working Group, which provided the significant risks, control issues and summary of risk assessment.

During the financial year, the ARMC met with the external auditors three times 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 ARMC 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 Internal Audit Function is carried out based on the Outsourced Internal Auditor's own internal audit approach, which is closely consistent with the International Professional Practice Framework ("IPFF") of the Institute of the International Auditors. 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 ARMC. The ARMC determines the adequacy of the scope, function and resources of the internal audit function as well as the competency and independence of the Outsourced Internal Auditor. The FY2021 risk-based Internal Audit Plan was approved by the ARMC on 22 February 2021. All the staff of the Outsourced Internal Auditor assigned on the job are with relevant qualifications and experience; and are free from any relationships or conflict of interest with any company in the Group which could impair their objectivity.

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 2021 Internal Audit Plan which was developed using a risk-based approach and approved by the ARMC.

The Internal Audit Reports are issued to the relevant Management at the conclusion of every audit engagement and reviewed by the ARMC. The causes of the Audit findings, if any, will always be included as part of the internal audit report that requires corrective actions are highlighted to the ARMC and the relevant Management. The relevant Management are 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 covering governance, risk management and internal control processes were carried out during the FY2021 and reported by the Outsourced Internal Auditor:

- Recurrent related party transactions of the Group;
- Compliance review of established Anti-Corruption Policies and Procedures;
- Environmental, Health & Safety Management;
- Crewing Management; and
- Procurement Management.

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

For FY2021, an amount of RM72,000 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 FY2021 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 ARMC recommends their reappointment for financial year ending 31 December 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This statement is in line with the paragraph 15.26(b) of 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 2021.

BOARD'S RESPONSIBILITY

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

The Audit and Risk Management Committee (the "ARMC") 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 risk management framework 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.

KEY INTERNAL CONTROL PROCESSES

The ARMC with its own Terms of Reference 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's internal control system comprises the following key elements:

1. POLICIES AND PROCEDURES

The internal policies and standard operating procedures are appropriately communicated and documented in manuals which are reviewed and revised when necessary to meet changing business, operation and statutory reporting needs.

2. INTERNAL AUDITS

The Group's Internal Audit function is outsourced to Messrs Baker Tilly Monterio Heng Governance Sdn Bhd. The internal auditors perform internal audits on various operating units within the Group based on the annual audit plan approved by the ARMC.

The internal auditors monitor compliance with the Group's policies and procedures and applicable laws and regulations, and provides independent and objective assurance on the adequacy and effectiveness of risk management and internal control system by conducting regular audits and continuous assessments.

Significant audit findings and recommendations for improvement are tabled quarterly in the ARMC Meetings. Internal auditors will also conduct follow up reviews on the implementation of corrective action plans on the audit findings and recommendations.

KEY INTERNAL CONTROL PROCESSES (CONT'D)

3. RISK MANAGEMENT

A formal Risk Management Framework of the Group has been established and updated recently, following the guidelines stipulated in the ISO31000:2018 Risk Management Standards, with the aim of setting clear guidelines in relation to the level of risks acceptable to the Group. The framework is designed to provide clear guidelines and processes to identify, evaluate, monitor and manage key risks faced by the Group in which ARMC provides directions and has an oversight role in the risk management process. The established framework helps to ensure proper management of the risks that may impede the achievement of the Group's goal and objectives.

The Group will periodically refine the Risk Management Framework where necessary to match 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 key risks to embed best practices into the Group's risk culture.

The Group has in place an on-going process, as guided by the above framework, for identifying, evaluating and managing the principal risks that affect the attainment of the Group's business objectives and goals for the year under review and up to date of approval of this statement for inclusion in the Annual Report.

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.

4. BOARD MEETINGS

The Board and the ARMC meet every quarter to discuss matters raised by Management and internal auditors on business and operational matters including potential risks and control issues. The Managing Director also reports to the Board on significant changes in business and external environment.

The financial performance of the Group for every quarter is subject to review by the ARMC and the annual financial statements are audited by the external auditors. The ARMC then reports and makes recommendations to the Board of Directors.

5. STAFF COMPETENCY

Recruitment and termination guidelines are in place while training and development programs are conducted to ensure that staff are kept up to date with the necessary competencies to carry out their respective duties towards achieving the Group's objectives.

- 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;

6. CONDUCT OF STAFF

A Code of Ethics for all employees which defines the ethical standards and conduct at work is communicated to all employees upon their employment.

A whistleblowing policy is established to provide appropriate communication and feedback channels which facilitate whistleblowing in a transparent and confidential manner to enable employees and stakeholders to raise genuine concerns about possible improprieties, improper conduct or other malpractices within the Group in an appropriate way.

KEY INTERNAL CONTROL PROCESSES (CONT'D)

7. INSURANCE

Sufficient insurance coverage and physical safeguards on major assets are in place to ensure the Group's assets are adequately covered against any mishap that could result in material loss.

The Group has regularly reviewed the insurance coverage where it is available on economically acceptable terms to minimize the related financial impacts.

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 Managing Director and the Head of Finance 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 2021 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) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on 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 11 April 2022.

NOMINATION COMMITTEE **REPORT**

Members

The Nomination Committee currently comprises four (4) members, which consist of one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors as follows:

Zakaria Bin Kasah	Chairman *(Independent Non-Executive Director)*
Ruziah Binti Mohd Amin	Member *(Independent Non-Executive Director)*
Datuk Selva Kumar A/L Mookiah	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.

NOMINATION COMMITTEE REPORT (Cont'd)

Meetings held during the financial year 2021

The Nomination Committee met three times during the financial year under review with the following attendance record:

Members	Attendance
Zakaria Bin Kasah *(Appointed on 18 June 2021)*	1/1
Ruziah Binti Mohd Amin *(Appointed on 18 June 2021)*	1/1
Datuk Selva Kumar A/L Mookiah *(Appointed on 18 June 2021)*	1/1
Chin Chee Kong	3/3
Datuk Mohd Jafni Bin Mohd Alias *(Demised on 9 June 2021)*	1/2
Datuk Dr Abd Hapiz Bin Abdullah *(Ceased on 18 June 2021)*	2/2

Summary of Activities during financial year ended 31 December 2021

During the financial year ended 31 December 2021, 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;
- Discussed and recommended the proposed appointment of new directors and Head of Finance; and
- Discussed and recommended the change of composition of the Board Committees.

The Nomination Committee upon its annual assessment carried out for financial year 2021, 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 2021 that is relevant and would serve to enhance their effectiveness in the Board.

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FINANCIAL **STATEMENTS**

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021.

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	328,267	401,434

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 OF THE COMPANY

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

Alias bin Mat Lazin
Chin Chee Kong
Datuk Hasmi bin Hasnan
Datuk Dr. Abd Hapiz bin Abdullah
Datuk Selva Kumar A/L Mookiah *(Appointed on 18 June 2021)*
Ruziah Binti Mohd Amin *(Appointed on 18 June 2021)*
Tuan Haji Zakaria bin Kasah *(Appointed on 18 June 2021)*
Jamalludin Bin Obeng *(Appointed on 1 October 2021)*
Datuk Mohd Jafni bin Mohd Alias *(Demised on 9 June 2021)*
Dato' Gerald Hans Isaac *(Resigned on 23 March 2021)*
Sitinur binti Mokhtar *(Resigned on 23 March 2021)*
Tengku Dato' Yusof bin Tengku Ahmad Shahruddin *(Resigned on 1 October 2021)*
Emily Hii San San *(alternate Director to Datuk Hasmi bin Hasnan) (Vacated on 24 March 2022)*

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
Tengku Dato' Yusof bin Tengku Ahmad Shahruddin

DIRECTORS' INTEREST IN SHARES

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

	Number of ordinary shares			
	At 1.1.2021/ Date of appointment	**Bought**	**Sold**	**At 31.12.2021**
Interest in the Company:				
Datuk Hasmi bin Hasnan				
- own	290,202	–	–	290,202
Alias bin Mat Lazin				
- own	149,477	–	–	149,477
Emily Hii San San				
- own	38	–	–	38

DIRECTORS' INTEREST IN SHARES (CONT'D)

	Number of ordinary shares			
	At 1.1.2021/ Date of appointment	**Bought**	**Sold**	**At 31.12.2021**
Deemed interests in the Company:				
Datuk Hasmi bin Hasnan	1,489,346,379	–	–	1,489,346,379
Interests in the holding company:				
Datuk Hasmi bin Hasnan - own	1,057,030	–	–	1,057,030
Alias bin Mat Lazin - own	128,600	–	–	128,600
Deemed interests in the holding company:				
Datuk Hasmi bin Hasnan	280,401,447	–	–	280,401,447

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' 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.

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

During the financial year ended 31 December 2021, a total of 1,698,855 Redeemable Convertible Preference Shares ("RCPS") has been converted into 1,698,855 ordinary shares. The conversion price of RM0.325 per share was the same as the issue price of the RCPS, and the conversion did not require payment of additional consideration by the RCPS holder.

There were no other changes in the issued and paid-up capitals of the Company, nor issuance 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 RM37,464 (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.

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 change in depreciation and impairment loss on property, plant and equipment and impairment loss on investments in subsidiaries, as disclosed in Note 3 and 4 respectively to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2021 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.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021
(Cont'd)

SIGNIFICANT EVENTS DURING THE YEAR

The details of the significant events that subsisted during the year are disclosed in Note 28 to the financial statements.

AUDITORS

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

The auditors' remuneration is disclosed in Note 16 to the financial statements.

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

Jamalludin bin Obeng
Managing Director

Alias bin Mat Lazin
Executive Director

Kuala Lumpur,

Date: 11 April 2022

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Assets					
Property, plant and equipment	3	719,383	1,024,552	140	43
Investments in subsidiaries	4	–	–	654,520	1,049,216
Deposits	5	10,879	12,000	10,879	12,000
Deferred tax assets	6	8,153	7,080	46	46
Total non-current assets		738,415	1,043,632	665,585	1,061,305
Inventories	7	4,897	2,541	–	–
Trade and other receivables	8	49,398	54,124	19,496	3,703
Deposits and prepayments	9	2,447	5,383	137	171
Current tax assets		4,562	3,391	3,293	2,898
Cash and cash equivalents	10	23,443	46,522	1,256	9,510
Total current assets		84,747	111,961	24,182	16,282
Total assets		823,162	1,155,593	689,767	1,077,587
Equity					
Share capital	11	885,198	885,198	885,198	885,198
Reserves	11.3	(358,965)	(69,933)	(663,487)	(262,053)
Equity attributable to owners of the Company		526,233	815,265	221,711	623,145
Liabilities					
Loans and borrowings	12	48,941	25,735	8,700	12,179
Trade and other payables	13	156,008	164,286	156,008	164,286
Deferred tax liabilities	6	1,949	3,106	–	–
Total non-current liabilities		206,898	193,127	164,708	176,465
Loans and borrowings	12	18,768	76,245	2,357	2,357
Trade and other payables	13	71,263	70,900	300,991	275,620
Current tax liabilities		–	56	–	–
Total current liabilities		90,031	147,201	303,348	277,977
Total liabilities		296,929	340,328	468,056	454,442
Total equity and liabilities		823,162	1,155,593	689,767	1,077,587

The notes on pages 81 to 152 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	14	153,468	208,348	1,512	1,656
Cost of services		(234,223)	(211,126)	–	–
Gross (loss)/profit		(80,755)	(2,778)	1,512	1,656
Other income	15	990	5,725	–	8,424
Administrative expenses		(9,413)	(10,126)	(2,659)	(2,366)
Loss on impairment of financial instruments		(11,799)	(257)	–	–
Other expenses	15	(224,309)	(35,269)	(395,597)	(56,669)
Results from operating activities	16	(325,286)	(42,705)	(396,744)	(48,955)
Finance income		2,346	895	28	255
Finance costs		(6,551)	(12,075)	(4,718)	(9,125)
Net finance costs	17	(4,205)	(11,180)	(4,690)	(8,870)
Loss before tax		(329,491)	(53,885)	(401,434)	(57,825)
Taxation	18	1,224	(11,949)	–	–
Loss for the year		(328,267)	(65,834)	(401,434)	(57,825)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021
(Cont'd)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Other comprehensive income/(expense), net of tax					
Items that are or may be subsequently reclassified to profit or loss					
Foreign currency translation differences		39,235	(18,704)	–	–
Other comprehensive income/(expense) for the year		39,235	(18,704)	–	–
Total comprehensive expense for the year		(289,032)	(84,538)	(401,434)	(57,825)
Loss for the year attributable to:					
Owners of the Company		(328,267)	(65,834)	(401,434)	(57,825)
Loss for the year		(328,267)	(65,834)	(401,434)	(57,825)
Total comprehensive expense for the year attributable to:					
Owners of the Company		(289,032)	(84,538)	(401,434)	(57,825)
Total comprehensive expense for the year		(289,032)	(84,538)	(401,434)	(57,825)
Loss per share (sen)					
- basic/diluted	20	(14.81)	(3.20)		

The notes on pages 81 to 152 are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF
CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the Company							
	Non-distributable							
	Share capital RM'000	Redeemable convertible preference shares RM'000	Translation reserve RM'000	Other capital reserve RM'000	Accumulated losses RM'000	Sub-total RM'000	Non-controlling interest RM'000	Total equity RM'000
Group								
As at 1 January 2020	411,219	473,979	70,442	1,635	(57,608)	899,667	136	899,803
Foreign currency translation differences	–	–	(18,704)	–	–	(18,704)	–	(18,704)
Total other comprehensive expense for the year	–	–	(18,704)	–	–	(18,704)	–	(18,704)
Loss for the year	–	–	–	–	(65,834)	(65,834)	–	(65,834)
Total comprehensive expense for the year	–	–	(18,704)	–	(65,834)	(84,538)	–	(84,538)
Conversion of redeemable convertible preference shares (Note 11)	465,178	(465,178)	–	–	–	–	–	–
Changes in ownership interests in a subsidiary	–	–	(267)	–	403	136	(136)	–
Total transactions with owners of the Company	465,178	(465,178)	(267)	–	403	136	(136)	–
At 31 December 2020	876,397	8,801	51,471	1,635	(123,039)	815,265	-	815,265
	(Note 11)	(Note 11)	(Note 11)		(Note 11)			

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(Cont'd)

	Attributable to owners of the Company							
	Non-distributable							
	Share capital RM'000	**Redeemable convertible preference shares RM'000**	**Translation reserve RM'000**	**Other capital reserve RM'000**	**Accumulated losses RM'000**	**Sub-total RM'000**	**Non-controlling interest RM'000**	**Total equity RM'000**
Group (Cont'd)								
As at 1 January 2021	876,397	8,801	51,471	1,635	(123,039)	815,265	–	815,265
Foreign currency translation differences	–	–	39,235	–	–	39,235	–	39,235
Total other comprehensive income for the year	–	–	39,235	–	–	39,235	–	39,235
Loss for the year	–	–	–	–	(328,267)	(328,267)	–	(328,267)
Total comprehensive expense for the year	–	–	39,235	–	(328,267)	(289,032)	–	(289,032)
Conversion of redeemable convertible preference shares (Note 11)	550	(550)	–	–	–	–	–	–
Total transactions with owners of the Company	550	(550)	–	–	–	–	–	–
At 31 December 2021	876,947	8,251	90,706	1,635	(451,306)	526,233	–	526,233
	(Note 11)	(Note 11)	(Note 11)		(Note 11)			

The notes on pages 81 to 152 are an integral part of these financial statements.

STATEMENTS OF
CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	← *Non-distributable*	→		
Company	**Share capital RM'000**	**Redeemable convertible preference shares RM'000**	**Accumulated losses RM'000**	**Total equity RM'000**
At 1 January 2020	411,219	473,979	(204,228)	680,970
Loss/Total comprehensive expense for the year	–	–	(57,825)	(57,825)
Conversion of redeemable convertible preference shares (Note 11)	465,178	(465,178)	–	–
At 31 December 2020/ 1 January 2021	876,397	8,801	(262,053)	623,145
Loss/Total comprehensive expense for the year	–	–	(401,434)	(401,434)
Conversion of redeemable convertible preference shares (Note 11)	550	(550)	–	–
At 31 December 2021	876,947	8,251	(663,487)	221,711
	(Note 11)	(Note 11)		

The notes on pages 81 to 152 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows from operating activities					
Loss before tax		(329,491)	(53,885)	(401,434)	(57,825)
Adjustments for:					
Impairment loss on property, plant and equipment	3	220,012	33,667	–	–
Impairment loss on financial assets	16	11,799	257	–	–
Impairment loss on investments in subsidiaries	16	–	–	394,696	55,363
Loss on liquidation of subsidiaries		–	–	–	21
Depreciation of property, plant and equipment	3	129,172	81,370	53	109
Inventories written off	7	132	–	–	–
Finance costs	17	6,551	12,075	4,718	9,125
Finance income	17	(2,346)	(895)	(28)	(255)
Unrealised loss/(gain) in foreign exchange	16	3,544	(3,845)	847	(1,340)
Operating profit/(loss) before changes in working capital		39,373	68,744	(1,148)	5,198
Changes in working capital:					
Inventories		(2,488)	(852)	–	–
Trade and other receivables, deposits and prepayments		(3,030)	23,416	(15,760)	18,509
Trade and other payables		12,634	(6,581)	40,725	7,475
Cash generated from operations		46,489	84,727	23,817	31,182
Income tax paid		(2,233)	(3,194)	(395)	(506)
Net cash from operating activities		44,256	81,533	23,422	30,676

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Cont'd)

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from investing activities					
Interest received		849	895	28	255
Purchase of property, plant and equipment	(iii)	(4,833)	(16,704)	(150)	–
Net cash (used in)/generated from investing activities		(3,984)	(15,809)	(122)	255
Cash flows from financing activities					
Repayment of term loan – Islamic		(2,357)	(1,964)	(2,357)	(1,964)
Repayment of term loan – Commodity Murabahah Financing – I		(4,982)	(4,418)	–	–
Repayment of secured term loans		(28,859)	(13,510)	–	–
Repayment of hire purchase liability		(5)	–	–	–
Repayment to a related company		(20,430)	(22,700)	(20,430)	(22,700)
Repayment of revolving credit		–	(1,748)	–	(1,748)
Interest paid		(11,026)	(8,401)	(8,767)	(5,596)
Net cash used in financing activities		(67,659)	(52,741)	(31,554)	(32,008)
Net (decrease)/increase in cash and cash equivalents		(27,387)	12,983	(8,254)	(1,077)
Effect of exchange rate movements		4,308	(4,022)	–	–
Cash and cash equivalents at 1 January		46,522	37,561	9,510	10,587
Cash and cash equivalents at 31 December	(i)	23,443	46,522	1,256	9,510

Notes

(i) 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	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Deposits placed with licensed banks	350	28,420	–	8,900
Cash on hand and at banks	23,093	18,102	1,256	610
Cash and cash equivalents	23,443	46,522	1,256	9,510

(ii) Cash outflows for leases as a lessee

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Included in net cash from operating activities:				
Payment relating to short-term leases	15,492	34,146	89	154

(iii) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM5.1 million (2020: RM16.7 million) of which RM316,000 (2020: Nil) was acquired by means of hire purchase.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

(Cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1.1.2020 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	At 31.12.2020 /1.1.2021 RM'000	Additions RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	Other changes RM'000	At 31.12.2021 RM'000
Group									
Term loan – Islamic	15,418	(1,964)	–	13,454	–	(2,357)	–	(1,122)	9,975
Term loan – Commodity Murabahah Financing – I	24,339	(4,418)	(465)	19,456	–	(4,982)	755	–	15,229
Secured term loans	84,182	(13,510)	(1,602)	69,070	–	(28,859)	1,983	–	42,194
Hire purchase liability	–	–	–	–	316	(5)	–	–	311
Net advances from related company (Note 13)	190,661	(22,700)	–	167,961	15,573	(20,430)	–	–	163,104
Revolving credit	1,748	(1,748)	–	–	–	–	–	–	–
Total liabilities from financing activities	316,348	(44,340)	(2,067)	269,941	15,889	(56,633)	2,738	(1,122)	230,813
Company									
Term loan – Islamic	16,500	(1,964)	–	14,536	–	(2,357)	–	(1,122)	11,057
Net advances from related company (Note 13)	190,661	(22,700)	–	167,961	15,573	(20,430)	–	–	163,104
Revolving credit	1,748	(1,748)	–	–	–	–	–	–	–
Total liabilities from financing activities	208,909	(26,412)	–	182,497	15,573	(22,787)	–	(1,122)	174,161

The notes on pages 81 to 152 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 and principal place of business 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 2021 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 11 April 2022.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and 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, interpretations and amendments 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:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- 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*

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

- from the annual period beginning on 1 January 2022 for the amendments that are effective for annual periods beginning on or after 1 April 2021.

- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for amendments to MFRS 1 and MFRS 141 which are not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and amendments to MFRS 17 which are not applicable to the Group and the Company.

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

(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 RM5.3 million and RM279.2 million respectively as at the end of the financial year. Furthermore, the Group and the Company recorded net losses of RM328.3 million and RM401.4 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.

1. BASIS OF PREPARATION (CONT'D)

(b) Basis of measurement (Cont'd)

The validity of the going concern assumption is dependent on the holding company agreeing 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.

(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 3.2 - impairment testing of property, plant and equipment;
- Note 3.3 - change in estimated useful lives and residual values 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 the Group entities, unless otherwise stated.

(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 whether it measures 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.

(iii) Acquisitions 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(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 the 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency (Cont'd)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(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(j)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive 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 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(j)(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.

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

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.

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(j)(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.

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)

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.

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.

(c) Hedge of a net investment

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 part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. 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 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(n)). 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 Group or 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. 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% - 7%
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

(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 Group entities use their incremental borrowing rate as the discount rate.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (Cont'd)

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

(a) As a lessee (Cont'd)

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 and the Company recognise 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 and the Company use 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)

(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(l)(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 and the Company aim to allocate finance income over the lease term on a systematic and rational basis. The Group and the Company apply 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(j)(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) 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 other costs 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.

(g) 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(j)(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.

(h) 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.

(i) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) 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 amortized 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

(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)

(k) 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.

(l) Revenue and other income

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

(i) Vessel charter income

The Group's charter hires with customers are determined as leases under MFRS16. 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.

(ii) Mobilisation services

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

(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 services 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(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.

(m) 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) 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.

(o) 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.

(p) 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.

(q) 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 Managing 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) 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.

(s) 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 and the Company use observable market data as far as possible. Fair value is 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 and the Company 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 and the Company 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 2020	1,720,000	18,415	72,977	78	807	4,059	412	3,408	1,820,156
Additions	–	2,282	14,422	–	–	–	–	–	16,704
Write off	–	–	–	(78)	(10)	(219)	(208)	(1,408)	(1,923)
Effect of movements in exchange rate	(29,173)	(61)	(1,394)	–	–	–	–	–	(30,628)
At 31 December 2020/ 1 January 2021	1,690,827	20,636	86,005	–	797	3,840	204	2,000	1,804,309
Additions	–	1,759	2,101	–	351	–	–	938	5,149
Effect of movements in exchange rate	60,285	102	2,372	–	–	–	–	–	62,759
At 31 December 2021	1,751,112	22,497	90,478	–	1,148	3,840	204	2,938	1,872,217
Depreciation and impairment loss									
At 1 January 2020									
Accumulated depreciation	560,012	13,879	55,307	78	807	4,001	412	3,081	637,577
Accumulated impairment loss	42,626	–	–	–	–	–	–	–	42,626
	602,638	13,879	55,307	78	807	4,001	412	3,081	680,203
Depreciation for the year (Note 16)	72,534	1,505	7,038	–	–	26	–	267	81,370
Impairment loss (Note 16)	33,667	–	–	–	–	–	–	–	33,667
Effect of movements in exchange rate	(12,693)	(31)	(836)	–	–	–	–	–	(13,560)
Write off	–	–	–	(78)	(10)	(219)	(208)	(1,408)	(1,923)
At 31 December 2020									
Accumulated depreciation	625,416	15,353	61,509	–	797	3,808	204	1,940	709,027
Accumulated impairment loss	70,730	–	–	–	–	–	–	–	70,730
At 31 December 2020	696,146	15,353	61,509	–	797	3,808	204	1,940	779,757

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 2021									
Accumulated depreciation	625,416	15,353	61,509	–	797	3,808	204	1,940	709,027
Accumulated impairment loss	70,730	–	–	–	–	–	–	–	70,730
	696,146	15,353	61,509	–	797	3,808	204	1,940	779,757
Depreciation for the year (Note 16)	118,572	1,844	8,456	–	12	16	–	272	129,172
Impairment loss (Note 16)	220,012	–	–	–	–	–	–	–	220,012
Effect of movements in exchange rate	22,362	57	1,474	–	–	–	–	–	23,893
At 31 December 2021									
Accumulated depreciation	763,333	17,254	71,439	–	809	3,824	204	2,212	859,075
Accumulated impairment loss	293,759	–	–	–	–	–	–	–	293,759
At 31 December 2021	1,057,092	17,254	71,439	–	809	3,824	204	2,212	1,152,834
Carrying amount									
At 31 December 2020	994,681	5,283	24,496	–	–	32	–	60	1,024,552
At 31 December 2021	694,020	5,243	19,039	–	339	16	–	726	719,383

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 2020		319	218	1,839	2,376
Write off		–	–	(215)	(215)
At 31 December 2020/ 1 January 2021		319	218	1,624	2,161
Additions		–	–	150	150
At 31 December 2021		319	218	1,774	2,311
Accumulated depreciation					
At 1 January 2020		312	206	1,706	2,224
Depreciation for the year	16	5	6	98	109
Write off		–	–	(215)	(215)
At 31 December 2020/ 1 January 2021		317	212	1,589	2,118
Depreciation for the year	16	1	4	48	53
At 31 December 2021		318	216	1,637	2,171
Carrying amount					
At 31 December 2020		2	6	35	43
At 31 December 2021		1	2	137	140

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

3.1 *Security*

Three (2020: Four) marine vessels with a total carrying amount of RM87.7 million (2020: RM254.4 million) are pledged to licensed banks or financial institutions for certain banking facilities granted to the Group (see Note 12), while eleven (2020: eleven) marine vessels with a total carrying amount of RM512.2 million (2020: RM764.6 million) are pledged to the Sukuk issued by the holding company (see Note 12).

3.2 *Impairment testing of property, plant and equipment*

The Group's main customers are from oil and gas companies involved in upstream exploration activities. The volatility of crude oil prices in 2021 have 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 including dry docking used in the operations are stated in excess of their recoverable amounts. The Group has applied a combination of the value-in-use ("VIU") approach and the fair value less cost of disposal ("FVLCOD") approach, whichever is higher, in determining the recoverable amounts of the property, plant and equipment.

VIU approach

The Group has applied the value-in-use approach on the basis that the marine 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 61% to 66% (2020: 54% to 77%);
(b) Average daily charter rate ranging from RM28,000 to RM60,000 (2020: RM28,000 to RM64,000);
(c) Daily operating costs ranging from RM1,000 to RM14,500 (2020: RM9,000 to RM14,700);
(d) Average growth rate of 5% in every 5 years (2020: average growth rate of 2% and subsequently a growth rate of 5% in every 5 years)
(e) Residual value based on market value of scrap steel plates at USD565 (2020: USD550) per tonne multiplied by the lightweight of the vessels; and
(f) Pre-tax discount rate of 10% (2020: 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. 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.

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

3.2 *Impairment testing of property, plant and equipment (Cont'd)*

FVLCOD approach

FVLCOD was used to determine the recoverable amounts of certain marine vessels based on the market comparable approach. The fair value measurement of the marine vessels was performed by an independent valuer with appropriate qualification and recent experience in valuation of vessels in the relevant industry.

The following table describes the valuation technique used in the determination of fair values classified under Level 3, the significant unobservable inputs used in the valuation, and the inter-relationship between the significant unobservable inputs and the fair value measurement.

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Market comparable approach: The method involved determining the market value that reflects recent market transactions of similar marine vessels of similar age and specifications. In valuing the marine vessels, the independent valuer had taken into consideration the prevailing market conditions and made adjustments for differences such as age, size and specifications where necessary before arriving at the most appropriate fair value for the vessels.	(i) Valuation based on comparison to market value of the type of vessel fitted with the same specifications of similar nature or as closed in similarity of which recently transacted around the region. (ii) Useful lives and residual values (see note 3.3).	(i) The estimated fair value would increase/(decrease) if the valuation of recent transactions based on similar age and specifications of which recently transacted around the region were higher/(lower). (ii) The estimated fair value would increase/(decrease) if the useful lives and the residual values of the vessels are higher/(lower).

Following the assessment, the Group has recognised a net impairment loss of RM220 million (2020: impairment loss of RM33.7 million) (see Note 16) on sixteen (2020: nine) vessels in the profit or loss, as the estimated recoverable amounts of these vessels are lower (2020: lower) than their carrying amounts.

Impairment loss sensitivity analysis

This analysis is based on utilisation rate and discount rate that the Group considered to be reasonable 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 RM31.0 million (2020: RM49.1 million).
- A 5% decrease in utilisation rate used would have increased the impairment loss by RM39.5 million (2020: RM93.5 million).

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

3.3 Change in estimates

During the financial year ended 31 December 2021, the Group conducted a review on some of its marine vessels and has changed the estimated useful lives of these vessels from the initial 25 years to 15 years on the assumption that the Board of Directors expect to dispose these vessels at the end of year 15. In addition, the Group has also estimated the residual values of all the vessels using the fair values adjusted from independent valuation. As a result of the change in estimates, the expected useful lives of these vessels have decreased and their estimated residual values have increased. The effect of these changes on depreciation expense, recognised in cost of services, in current and future periods is as follows:

	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000	Later RM'000
Increase/(Decrease) in depreciation expense	48,367	(29,119)	(33,757)	(40,821)	(47,520)	(347,809)

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 ranging from 4 days to 365 days. 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:

	2021 RM'000	2020 RM'000
Group		
Vessel charter income	143,984	193,895

The operating lease payments to be received are as follows:

	2021 RM'000	2020 RM'000
Group		
Less than one year	16,070	12,282
One to two years	–	–
Total undiscounted lease payments	16,070	12,282

4. INVESTMENTS IN SUBSIDIARIES

	Company 2021 RM'000	Company 2020 RM'000
At cost		
Unquoted shares		
- in Malaysia	1,319,576	1,319,576
- outside Malaysia	21,155	21,155
Less: impairment loss	(686,211)	(291,515)
	654,520	1,049,216

Details of the subsidiaries are as follows:

Name of company	Place of incorporation	Principal activities	Effective ownership interest and voting interest 2021 %	Effective ownership interest and voting interest 2020 %
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

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 2021 %	2020 %
<u>Direct subsidiaries (Cont'd)</u>				
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	Inactive	100	100
Petra Offshore Limited	Federal Territory of Labuan, Malaysia	Inactive	100	100
Perdana Marine Offshore Pte. Ltd.*	The Republic of Singapore	Inactive	100	100
Perdana Uranus Limited	Federal Territory of Labuan, Malaysia	Inactive	100	100
<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	100

* Not audited by member firms of KPMG International.

Impairment testing for investments in subsidiaries

The recoverable amounts of respective subsidiaries were adjusted from either the value-in-use ("VIU") or the fair value less costs of disposal ("FVLCOD"), whichever is higher, used in the impairment testing of the property, plant and equipment of respective subsidiaries. The details of the VIU and FVLCOD are disclosed in Note 3.2. The recoverable amounts of other subsidiaries were estimated by reference to the underlying assets and liabilities of the subsidiaries.

Following the assessment, the Group recognised impairment loss of RM394.7 million (2020: RM55.4 million) on five (2020: two) subsidiaries in the profit or loss, as the estimated recoverable amounts of these subsidiaries are lower than their carrying amounts.

NOTES TO THE
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(Cont'd)

5. DEPOSITS

		Group		Company	
	Note	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Security deposit	5.1	10,879	12,000	10,879	12,000

5.1 Security deposit is a deposit held by a creditor over the tenure of an Islamic term loan (see Note 12.1).

6. DEFERRED TAX

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Property, plant and equipment	–	–	(2,534)	(3,360)	(2,534)	(3,360)
Capital allowances carried forward	586	46	–	–	586	46
Tax losses carried forward	5,451	8,490	–	–	5,451	8,490
Other provision	2,701	(1,202)	–	–	2,701	(1,202)
Deferred tax assets/(liabilities)	8,738	7,334	(2,534)	(3,360)	6,204	3,974
Set-off of tax	(585)	(254)	585	254	–	–
Net deferred tax assets/(liabilities)	8,153	7,080	(1,949)	(3,106)	6,204	3,974
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 1.1.2020 RM'000	Recognised in profit or loss RM'000	At 31.12.2020/ 1.1.2021 RM'000	Recognised in profit or loss RM'000	At 31.12.2021 RM'000
Property, plant and equipment	(3,464)	104	(3,360)	826	(2,534)
Capital allowances carried forward	7,629	(7,583)	46	540	586
Tax losses carried forward	10,356	(1,866)	8,490	(3,039)	5,451
Other provision	35	(1,237)	(1,202)	3,903	2,701
	14,556	(10,582)	3,974	2,230	6,204
		(Note 18)		(Note 18)	
Company					
Capital allowances carried forward	46	–	46	–	46

Recognised deferred tax assets

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 61% to 66% (2020: 54% to 77%).
(ii) Average daily charter rate ranging from RM28,000 to RM60,000 (2020: RM28,000 to RM64,000);
(iii) Vessel operating costs for 2022 were budgeted based on 2021's operating expenditure and increase by 3% in every subsequent year;
(iv) Charter hire costs from other subsidiaries of the Group were budgeted based on actual costs incurred with an average increase of 8% in 2022 and remain constant in the subsequent year; and
(v) Administrative expenses for 2022 were budgeted based on 2021's actual costs incurred in the current year and remain constant in the 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	
	2021 RM'000	**2020 RM'000**
Unabsorbed capital allowances	502	454
Unutilised tax losses	13,762	13,075
	14,264	13,529

Deferred tax assets of the Group and the Company of RM3.4 million (2020: RM3.2 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 current tax legislations, unutilised tax losses from a year of assessment can be carried forward up to 10 consecutive years of assessment. Unutilised tax losses of RM7.4 million, RM1.6 million, RM4.1 million and RM0.7 million will expire in 2027, 2028, 2029 and 2030 respectively.

7. INVENTORIES

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

	Group	
	2021 RM'000	**2020 RM'000**
Materials and consumables - at cost	4,897	2,541
Recognised in profit or loss:		
Inventories recognised as part of cost of services	9,931	9,434
Inventories written off	132	–

8. TRADE AND OTHER RECEIVABLES

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Current					
Trade					
Amount due from related companies	8.1	13,311	30,484	–	–
Trade receivables		43,128	21,198	–	–
Allowance for impairment loss	8.2	(12,083)	(284)	–	–
		31,045	20,914	–	–
Sub-total		44,356	51,398	–	–
Non-trade					
Amount due from related companies	8.3	181	–	–	–
Amount due from subsidiaries	8.3	–	–	19,494	3,702
Other receivables		6,304	4,169	2	1
Allowance for impairment losses		(1,443)	(1,443)	–	–
		4,861	2,726	2	1
Sub-total		5,042	2,726	19,496	3,703
Total		49,398	54,124	19,496	3,703

Group and Company

8.1 Trade amount due from related companies are subject to normal credit terms.

8.2 The increase in allowance for impairment loss of RM11.8 million during the financial year of the Group is mainly arising from the trade debtors from Perdana Nautika Sdn. Bhd. ("PNSB") and Intra Oil Services Berhad ("IOS").

8.3 Non-trade amount due from subsidiaries and related companies are unsecured, interest free and repayable on demand.

9. DEPOSITS AND PREPAYMENTS

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Deposits	1,348	3,411	55	32
Prepayments	1,099	1,972	82	139
	2,447	5,383	137	171

Included in the Group's deposits in the previous financial year was placement of fund of USD293,000 in a Sinking Fund Account. In the current financial year, the Group has withdrawn the deposits upon settlement of a loan.

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits placed with licensed banks	350	28,420	–	8,900
Cash on hand and at banks	23,093	18,102	1,256	610
	23,443	46,522	1,256	9,510

11. CAPITAL AND RESERVES

Share capital

	Group and Company			
	2021		2020	
	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				
At 1 January	876,397	2,214,925	411,219	778,471
Conversion of redeemable convertible preference shares ("RCPS")	550	1,699	465,178	1,436,454
At 31 December	876,947	2,216,624	876,397	2,214,925
Redeemable convertible preference shares ("RCPS")				
At 1 January	8,801	27,175	473,979	1,463,629
Conversion of redeemable convertible preference shares ("RCPS")	(550)	(1,699)	(465,178)	(1,436,454)
At 31 December	8,251	25,476	8,801	27,175
Total issued and paid-up share capital	885,198	2,242,100	885,198	2,242,100

During the financial year ended 31 December 2021, a total of 1,698,855 Redeemable Convertible Preference Shares ("RCPS") has been converted into 1,698,855 ordinary shares. The conversion price of RM0.325 per share was the same as the issue price of the RCPS, and the conversion did not require payment of additional consideration by the RCPS holder.

11. CAPITAL AND RESERVES (CONT'D)

11.1 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.

	RM'000
Issue price	878,619
Transaction costs of RCPS reclassified to ordinary shares	(1,672)
At 31 December 2021	876,947

11.2 Redeemable convertible preference shares ("RCPS")

	RM'000
Proceeds from the initial issuance of RCPS in 2019	475,679
Transaction costs	(1,700)
Net proceeds	473,979

	RM'000
Net proceeds from the initial issuance of RCPS in 2019	473,979
Conversion of RCPS into ordinary shares	(466,848)
Transaction costs of RCPS reclassified to ordinary shares	1,670
	(465,178)
At December 2020	8,801
Conversion of RCPS into ordinary shares	(552)
Transaction costs of RCPS reclassified to ordinary shares	2
	(550)
At December 2021	8,251

11. CAPITAL AND RESERVES (CONT'D)

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

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 holders are not required to make any additional cash payment for the conversion of any RCPS into new ordinary shares.

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.

11. CAPITAL AND RESERVES (CONT'D)

11.3 Reserves

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-distributable:-				
Translation reserve (Note 11.4)	90,706	51,471	–	–
Other capital reserve (Note 11.5)	1,635	1,635	–	–
Accumulated losses	(451,306)	(123,039)	(663,487)	(262,053)
	(358,965)	(69,933)	(663,487)	(262,053)

11.4 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.

11.5 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.

12. LOANS AND BORROWINGS

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current					
Term loan – Islamic	12.1	7,618	11,097	8,700	12,179
Term loan – Commodity Murabahah Financing – I	12.2	7,917	14,638	–	–
Secured term loans	12.3	33,153	–	–	–
Hire purchase liability		253	–	–	–
		48,941	25,735	8,700	12,179
Current					
Term loan – Islamic	12.1	2,357	2,357	2,357	2,357
Term loan – Commodity Murabahah Financing – I	12.2	7,312	4,818	–	–
Secured term loans	12.3	9,041	69,070	–	–
Hire purchase liability		58	–	–	–
		18,768	76,245	2,357	2,357
Total		67,709	101,980	11,057	14,536

12. LOANS AND BORROWINGS (CONT'D)

12.1 Term loan - Islamic

In August 2019, the Group fully settled a previous 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 RM10.9 million (2020: 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.

12.2 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).

12.3 Secured 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 fully settled the outstanding amount of one term loan.

12.4 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) tangible net worth equal to or more than RM500 million;
(iv) unencumbered cash not less than USD7 million or the equivalent in any other currency;
(v) total interest-bearing debts at no more than 2.5 times its book equity;
(vi) gearing ratio at no more than 1.5 times; and
(vii) debt to equity ratio of no more than 1.5 times.

In the previous financial year, the Group did not meet certain covenant of a term loan with a total carrying amount of RM49.2 million. As a result, the non-current portion of the term loan of RM40.6 million was reclassified to current liability as at 31 December 2020.

13. TRADE AND OTHER PAYABLES

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Non-current					
Non-trade					
Amount due to a related company	13.1	156,008	164,286	156,008	164,286
Current					
Trade					
Trade payables		33,412	29,235	–	–
Non-trade					
Amount due to a related company	13.1	32,672	33,594	32,395	32,979
Amount due to subsidiaries	13.2	–	–	267,838	242,365
Other payables		1,756	7,048	478	23
Accrued expenses		3,423	1,023	280	253
		37,851	41,665	300,991	275,620
		71,263	70,900	300,991	275,620
Total		227,271	235,186	456,999	439,906

13.1 Included in amount due to a related company are unsecured advances of RM163.1 million (2020: RM168.0 million), subject to interest base rate + 1.30% (2020: 1.30%) per annum and repayable over the term of 89 months (2020: 79 months). The change in repayment periods in the current financial year is due to the additional advances of RM15.6 million received for the settlement of a secured term loan as disclosed in Note 12.3.

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

14. REVENUE

	2021 RM'000	2020 RM'000
Group		
Revenue from contracts with customers	2,489	5,563
Other revenue		
- Vessel charter income	143,984	193,895
- Mobilisation and demobilisation income	6,995	8,890
	153,468	208,348
Company		
Revenue from contracts with customers	1,512	1,656

14. REVENUE (CONT'D)

14.1 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.

	2021 RM'000	2020 RM'000
Group		
Major service line		
Catering services	2,489	5,563
Timing of recognition		
At a point in time	2,489	5,563

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.

	2021 RM'000	2020 RM'000
Company		
Major service line		
Management services	1,512	1,656
Timing and recognition		
Over time	1,512	1,656

14.2 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 rendered to the customers.	Credit periods of 30 to 45 days from invoice date.

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 Company.	Credit periods of 30 to 45 days from invoice date.

15. OTHER INCOME/(EXPENSES)

Group

Included in other income is sundry income of RM1.0 million (2020: Nil), whereas in the previous financial year, other income included a gain on foreign exchange of RM3.8 million.

Included in other expenses are mainly loss on foreign exchange of RM3.8 million (2020: RM1.3 million) and impairment loss on property, plant and equipment (Note 3.2) of RM220.0 million (2020: RM33.7 million) during the year.

Company

Included in other income in the previous financial year were RM1.3 million, and payables written back of RM7.1 million.

Included in the other expenses are impairment loss on investments in subsidiaries of RM394.7 million (2020: RM55.4 million) and loss on foreign exchange of RM0.8 million (2020: RM1.2 million) during the year.

16. RESULTS FROM OPERATING ACTIVITIES

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Results from operating activities is arrived at after charging/(crediting):				
Auditors' remuneration:				
- Audit fees				
- KPMG PLT	270	230	62	62
- others	5	5	–	–
- Non-audit fees				
- KPMG PLT	10	10	10	10
- affiliates of KPMG PLT	47	222	18	18

16. RESULTS FROM OPERATING ACTIVITIES (CONT'D)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Material expenses/(income):					
Depreciation of property, plant and equipment	3	129,172	81,370	53	109
Impairment loss on financial assets at amortised cost		11,799	257	–	–
Impairment loss on investments in subsidiaries	4	–	–	394,696	55,363
Impairment loss on property, plant and equipment	3	220,012	33,667	–	–
Inventories written off	7	132	–	–	–
Net loss on foreign exchange					
- realised		257	1,306	1	1,186
- unrealised		3,544	–	847	–
Personnel expenses (including key management personnel):					
- contributions to the Employees Provident Fund		659	624	140	128
- wages, salaries, and others		45,742	54,104	1,654	1,516
Net gain on foreign exchange					
- unrealised		–	(3,845)	–	(1,340)
Expenses arising from leases:					
Expenses relating to short-term leases		25,731	41,161	89	154

17. FINANCE INCOME/(COSTS)

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Recognised in profit or loss				
Interest income of financial assets:				
- short term deposits	849	895	28	255
Waiver of interest	1,497	–	–	–
	2,346	895	28	255
Interest expense of financial liabilities:				
- term loans	(1,832)	(2,950)	–	–
- hire purchase liability	(1)	–	–	–
- revolving credits	–	(3)	–	(3)
- related company	(4,383)	(8,802)	(4,383)	(8,802)
- others	(335)	(320)	(335)	(320)
	(6,551)	(12,075)	(4,718)	(9,125)
Net finance costs recognised in profit or loss	(4,205)	(11,180)	(4,690)	(8,870)

18. TAXATION

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current tax expense				
Malaysia - current year	1,002	1,896	–	–
- prior years	4	(529)	–	–
	1,006	1,367	–	–
Deferred tax expense (Note 6)				
Origination and reversal of temporary differences				
- current year	(2,258)	5,976	–	–
- under provision in prior years	28	4,606	–	–
	(2,230)	10,582	–	–
Total taxation	(1,224)	11,949	–	–

Reconciliation of taxation

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Loss for the year	(328,267)	(65,834)	(401,434)	(57,825)
Total taxation	(1,224)	11,949	–	–
Loss excluding tax	(329,491)	(53,885)	(401,434)	(57,825)
Tax calculated using Malaysian tax rate of 24% (2020: 24%)	(79,078)	(12,931)	(96,344)	(13,878)
Tax effect under Labuan Business Activity Act 1990	(28,391)	1,973	–	–
Movement in unrecognised deferred tax assets	176	(2,169)	176	(2,169)
Non-deductible expenses	106,391	22,491	96,168	16,369
Non-taxable income	(354)	(1,492)	–	(322)
Under-provision in prior years	32	4,077	–	–
Total taxation	(1,224)	11,949	–	–

19. COMPENSATIONS TO KEY MANAGEMENT PERSONNEL

Compensations to key management personnel are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive Directors:				
- fee	198	293	198	293
- non-fee emoluments	361	277	361	277
	559	570	559	570
Non-executive Directors:				
- fee	415	405	415	405
- non-fee emoluments	41	27	41	27
	456	432	456	432
Total Directors' remuneration	1,015	1,002	1,015	1,002

20. LOSS PER ORDINARY SHARE

Basic loss per ordinary share

The calculation of basic loss per ordinary share at 31 December 2021 was based on the loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2021	**2020**
Loss attributable to ordinary shareholders (RM'000)	(328,267)	(65,834)
Weighted average number of ordinary shares ('000)		
Number of ordinary shares at beginning of year	2,214,925	778,471
Effect of conversion of RCPS	1,049	1,279,189
Weighted average number of ordinary shares outstanding during the year	2,215,974	2,057,660
Basic loss per ordinary share (sen)	(14.81)	(3.20)

Diluted loss per ordinary share

As at the end of the reporting period, 25,476,207 (2020: 27,175,062) of RCPS have yet to be converted to new ordinary shares of the Company. As these outstanding RCPS are anti-dilutive, they have not been included in the calculation of diluted loss per share.

21. DIVIDEND

No dividend has been declared or paid for the financial year ended 31 December 2021 and 2020.

22. 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"), which in this case, is the Managing Director of the Group, 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 Managing Director 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.

	Marine offshore support services	
Group	**2021 RM'000**	**2020 RM'000**
Segment loss	(326,118)	(80,227)
Included in the measure of segment profit/(loss) are:		
Revenue from external customers	153,468	208,348
Inter-segment revenue	172,362	270,040
Depreciation and amortisation	(129,119)	(81,261)
Finance costs	(1,833)	(2,950)
Finance income	2,318	640
Impairment loss of impairment loss on property, plant and equipment	(220,012)	(33,667)
Unrealised foreign exchange (loss)/gain	(6,061)	4,016
Segment assets	1,178,314	982,632

22. OPERATING SEGMENTS (CONT'D)

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

	Marine offshore support services 2021 RM'000	Marine offshore support services 2020 RM'000
Profit or loss		
Total profit or loss for reportable segments	(326,118)	(80,227)
Other non-reportable segments	(401,434)	(57,824)
Elimination of inter-segment profits	398,061	84,166
Consolidated loss before tax	(329,491)	(53,885)

2021	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000
Total reportable segments	153,468	(129,119)	(1,833)	2,318	1,178,314
Other non-reportable segments	–	(53)	(4,718)	28	689,767
Elimination of inter-segment transactions or balances	–	–	–	–	(1,044,919)
Consolidated total	153,468	(129,172)	(6,551)	2,346	823,162
2020					
Total reportable segments	208,348	(81,261)	(2,950)	640	982,632
Other non-reportable segments	–	(109)	(9,125)	255	835,222
Elimination of inter-segment transactions or balances	–	–	–	–	(662,261)
Consolidated total	208,348	(81,370)	(12,075)	895	1,155,593

22. OPERATING SEGMENTS (CONT'D)

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	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Malaysia	153,468	208,348	719,383	1,024,552

Major customers

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

	Revenue		Segment
	2021 RM'000	**2020 RM'000**	
All common control companies of:			
- Customer A	50,407	68,568	Marine offshore support service
- Customer B	64,581	103,221	Marine offshore support service

23. FINANCIAL INSTRUMENTS

23.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC").

	Note	Carrying amount RM'000	AC RM'000
2021			
Financial assets			
Group			
Deposits	5, 9	12,227	12,227
Trade and other receivables	8	49,398	49,398
Cash and cash equivalents	10	23,443	23,443
Company			
Deposits	5, 9	10,934	10,934
Trade and other receivables	8	19,496	19,496
Cash and cash equivalents	10	1,256	1,256
Financial liabilities			
Group			
Loans and borrowings	12	(67,709)	(67,709)
Trade and other payables	13	(227,271)	(227,271)
Company			
Loans and borrowings	12	(11,057)	(11,057)
Trade and other payables	13	(456,999)	(456,999)

23. FINANCIAL INSTRUMENTS (CONT'D)

23.1 Categories of financial instruments (Cont'd)

	Note	Carrying amount RM'000	AC RM'000
2020			
Financial assets			
Group			
Deposits	5, 9	15,411	15,411
Trade and other receivables	8	54,124	54,124
Cash and cash equivalents	10	46,522	46,522
Company			
Deposits	5, 9	12,032	12,032
Trade and other receivables	8	3,703	3,703
Cash and cash equivalents	10	9,510	9,510
Financial liabilities			
Group			
Loans and borrowings	12	(101,980)	(101,980)
Trade and other payables	13	(235,186)	(235,186)
Company			
Loans and borrowings	12	(14,536)	(14,536)
Trade and other payables	13	(439,906)	(439,906)

23.2 Net gains and losses arising from financial instruments (Cont'd)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net (losses)/gains on:				
Financial assets at amortised cost	(7,144)	(352)	28	255
Financial liabilities at amortised cost	(12,661)	(8,547)	(5,566)	(8,970)
	(19,805)	(8,899)	(5,538)	(8,715)

23. FINANCIAL INSTRUMENTS (CONT'D)

23.3 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.

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 five (2020: five) counterparties amounting to RM42.2 million (2020: RM20.1 million).

23. FINANCIAL INSTRUMENTS (CONT'D)

23.3 Financial risk management (Cont'd)

(a) Credit risk (Cont'd)

(i) Receivables from external parties (Cont'd)

Recognition and measurement of impairment loss

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 expected credit losses ("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 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 following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2021 which are grouped together as they are expected to have similar risk nature.

Group

	Gross carrying amount RM'000	Lifetime ECL RM'000	Net balance RM'000
2021			
Current (not past due)	28,377	(99)	28,278
1-30 days past due	356	(57)	299
31-90 days past due	4,332	(2,310)	2,022
91-365 days past due	9,779	(9,333)	446
More than 365 days past due	284	(284)	–
	43,128	(12,083)	31,045
2020			
Current (not past due)	14,834	–	14,834
1-30 days past due	1,039	–	1,039
31-90 days past due	4,192	–	4,192
91-365 days past due	849	–	849
More than 365 days past due	284	(284)	–
	21,198	(284)	20,914

23. FINANCIAL INSTRUMENTS (CONT'D)

23.3 Financial risk management (Cont'd)

(a) Credit risk (Cont'd)

(i) Receivables from external parties (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The movements in the allowance for impairment in respect of trade receivables during the year are as follows:

	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Balance at 1 January 2020	297	–	297
Amount written off	(270)	–	(270)
Net remeasurement of loss allowance	257	–	257
Balance at 31 December 2020/1 January 2021	284	–	284
Net remeasurement of loss allowance	–	11,799	11,799
Balance at 31 December 2021	284	11,799	12,083

(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.

(iii) Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The 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 RM19.5 million (2020: RM3.7 million).

23. FINANCIAL INSTRUMENTS (CONT'D)

23.3 Financial risk management (Cont'd)

(a) Credit risk (Cont'd)

(iii) Inter-company loans and advances (Cont'd)

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;
- 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 2021.

Company

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2021			
Low credit risk	19,494	–	19,494
2020			
Low credit risk	3,702	–	3,702

23. FINANCIAL INSTRUMENTS (CONT'D)

23.3 Financial risk management (Cont'd)

(a) Credit risk (Cont'd)

(iv) 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 RM502.9 million (2020: RM690.1 million) representing the outstanding financial guarantees granted to third parties for the benefit of holding company and subsidiaries (Note 26.1) 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.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company'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 holding company and subsidiaries.

Risk management objectives, policies and processes for managing the risk

The Group and the Company maintain 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.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.3 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:

Group	Carrying amount RM'000	Contractual interest rate/ coupon/ discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
2021						
Term loan - Islamic	9,975	4.09	11,859	2,714	9,145	–
Term loan - Commodity Murabahah Financing - I	15,229	1.82 – 1.88	15,563	7,550	8,013	–
Secured term loans	42,194	1.88 – 1.99	44,245	9,796	34,449	–
Hire purchase liability	311	2.04	343	70	273	–
Trade and other payables	64,167	–	64,167	64,167	–	–
Amount due to a related company	163,104	3.73	187,175	32,856	154,319	–
Financial guarantees	–	–	443,700	443,700	–	–
	294,980		767,052	560,853	206,199	–
2020						
Term loan - Islamic	13,454	4.09	15,656	2,714	10,857	2,085
Term loan - Commodity Murabahah Financing - I	19,456	1.89 – 3.45	20,099	5,150	14,949	–
Secured term loans	69,070	1.98 – 3.85	73,240	29,833	43,407	–
Trade and other payables	67,225	–	67,225	67,225	–	–
Amount due to a related company	167,961	3.82	187,996	33,177	150,277	4,542
Financial guarantees	–	–	600,600	600,600	–	–
	337,166		964,816	738,699	219,490	6,627

23. FINANCIAL INSTRUMENTS (CONT'D)

23.3 Financial risk management (Cont'd)

(b) Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

Company	Carrying amount RM'000	Contractual interest rate/ coupon/ discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
2021						
Term loan - Islamic	11,057	4.09	12,941	2,714	10,227	–
Trade and other payables	293,895	–	293,895	293,895	–	–
Amount due to a related company	163,104	3.73	187,175	32,856	154,319	–
Financial guarantees	–	–	502,865	502,865	–	–
	468,056		996,876	832,330	164,546	–
2020						
Term loan - Islamic	14,536	4.09	16,738	2,714	10,857	3,167
Trade and other payables	271,945	–	271,945	271,945	–	–
Amount due to a related company	167,961	3.82	187,996	33,177	150,277	4,542
Financial guarantees	–		690,073	690,073	–	–
	454,442		1,166,752	997,909	161,134	7,709

(i) In the previous financial year, included in contractual cash flows of under 1 year is non-current portion of a borrowing which has been reclassified to current liabilities as a result of breach of certain covenant and clause as stipulated in the agreement of a term loan.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.3 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 that 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 ("RM").

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**	**RM RM'000**
2021			
Financial assets			
Cash and cash equivalents	181	–	–
Related company balances	53,140	5,709	29,710
	53,321	5,709	29,710
Financial liabilities			
Trade and other payables	(1,629)	(1,551)	(5)
Related company balances	(328,076)	(19,155)	(70,121)
	(329,705)	(20,706)	(70,126)
Net currency exposure	(276,384)	(14,997)	(40,416)

23. FINANCIAL INSTRUMENTS (CONT'D)

23.3 Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(i) Currency risk (Cont'd)

Exposure to foreign currency risk (Cont'd)

Group	USD RM'000	Denominated in SGD RM'000	RM RM'000
2020			
Financial assets			
Cash and cash equivalents	228	–	–
Related company balances	53,240	5,708	25,798
	53,468	5,708	25,798
Financial liabilities			
Trade and other payables	(238,512)	(4,023)	(3)
Related company balances	(278,231)	(18,698)	(56,447)
	(516,743)	(22,721)	(56,450)
Net currency exposure	(463,275)	(17,013)	(30,652)

Company	USD RM'000
2021	
Financial liabilities	
Trade and other payables	(21,849)
Net currency exposure	(21,849)
2020	
Financial liabilities	
Trade and other payables	(21,003)
Net currency exposure	(21,003)

Currency risk sensitivity analysis

A 10% (2020: 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.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.3 Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(i) Currency risk (Cont'd)

Currency risk sensitivity analysis (Cont'd)

	Profit or loss 2021 RM'000	Profit or loss 2020 RM'000
Group		
USD	27,638	46,328
SGD	1,500	1,701
RM	4,042	3,065
Company		
USD	2,185	2,185

A 10% (2020: 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.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.3 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 are as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Fixed rate instruments				
Financial assets				
- Deposits placed with licensed banks	350	28,420	–	8,900
Financial liabilities				
- Term loan – Islamic	(9,975)	(13,454)	(11,057)	(14,536)
- Hire purchase liability	(311)	–	–	–
	(9,936)	14,966	(11,057)	(5,636)
Floating rate instruments				
Financial liabilities				
- Term loan – Commodity Murabahah Financing – I	(15,229)	(19,457)	–	–
- Secured term loans	(42,194)	(69,070)	–	–
- Advances from a related company	(163,104)	(167,961)	(163,104)	(167,961)
	(220,527)	(256,488)	(163,104)	(167,961)

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.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.3 Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

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.

	2021 Profit or loss		2020 Profit or loss	
	100bps increase RM'000	**100bps decrease RM'000**	**100bps increase RM'000**	**100bps decrease RM'000**
Group				
Floating rate instruments	(2,205)	2,205	(2,565)	2,565
Company				
Floating rate instruments	(1,631)	1,631	(1,680)	1,680

(iii) Equity price risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.4 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					
2021	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	–	–	–	–	–	–	10,879	10,879	10,879	10,879
Financial liabilities										
Term loan – Islamic (non-current)	–	–	–	–	–	–	(7,618)	(7,618)	(7,618)	(7,618)
Term loan – Commodity Murabahah Financing – I (non-current)	–	–	–	–	–	–	(7,917)	(7,917)	(7,917)	(7,917)
Secured tern loans (non-current)	–	–	–	–	–	–	(33,153)	(33,153)	(33,153)	(33,153)
Hire purchase liability (non-current)	–	–	–	–	–	–	(253)	(253)	(253)	(253)
Amount due to a related company (non-current)	–	–	–	–	–	–	(156,008)	(156,008)	(156,008)	(156,008)

23. FINANCIAL INSTRUMENTS (CONT'D)

23.4 Fair value information (Cont'd)

2020	Fair value of financial instruments carried at fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Fair value of financial instruments not carried at fair value 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	–	–	–	–	–	–	10,674	10,674	10,674	12,000
Financial liabilities										
Term loan – Islamic (non-current)	–	–	–	–	–	–	(11,097)	(11,097)	(11,097)	(11,097)
Term loan – Commodity Murabahah Financing – I (non-current)	–	–	–	–	–	–	(14,638)	(14,638)	(14,638)	(14,638)
Amount due to a related company (non-current)	–	–	–	–	–	–	(164,286)	(164,286)	(164,286)	(164,286)

23. FINANCIAL INSTRUMENTS (CONT'D)

23.4 Fair value information (Cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
2021	**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**
Company										
Financial assets										
Deposits	–	–	–	–	–	–	10,879	10,879	10,879	10,879
Financial liabilities										
Term loan – Islamic (non-current)	–	–	–	–	–	–	(8,700)	(8,700)	(8,700)	(8,700)
Amount due to a related company (non-current)	–	–	–	–	–	–	(156,008)	(156,008)	(156,008)	(156,008)
2020										
Company										
Financial assets										
Deposits	–	–	–	–	–	–	10,674	10,674	10,674	12,000
Financial liabilities										
Term loan – Islamic (non-current)	–	–	–	–	–	–	(12,179)	(12,179)	(12,179)	(12,179)
Amount due to a related company (non-current)	–	–	–	–	–	–	(164,286)	(164,286)	(164,286)	(164,286)

23. FINANCIAL INSTRUMENTS (CONT'D)

23.4 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.

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 (2020: no transfer in either direction).

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	
Deposit	Discounted cash flows using a rate of 1.90% (2020: 1.90%) at the reporting date.
Term loan - Islamic	Discounted cash flows using a rate of 4.09% (2020: 4.09%) at the reporting date.
Term loan - Commodity Murabahah Financing - I	Discounted cash flows using a rate of 1.86% (2020: 1.91%) at the reporting date.
Secured term loans	Discounted cash flows using a rate of 4.00% (2020: 4.00%) at the reporting date.
Amount due to a related company	Discounted cash flows using a rate of 3.73% (2020: 3.82%) at the reporting date.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.4 Fair value information (Cont'd)

Company

Type	Description of valuation technique and inputs used
Deposit	Discounted cash flows using a rate of 1.90% (2020: 1.90%) at the reporting date.
Term loan - Islamic	Discounted cash flows using a rate of 4.09% (2020: 4.09%) at the reporting date.
Amount due to a related company	Discounted cash flows using a rate of 3.73% (2020: 3.82%) at the reporting date.

24. 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.

25. CAPITAL EXPENDITURE COMMITMENTS

	Group	
	2021 RM'000	**2020 RM'000**
Property, plant and equipment		
Approved and contracted for	11,044	8,798

26. CONTINGENT LIABILITIES

26.1 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	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Contingent liabilities not considered remote				
Corporate guarantees favouring banks for facilities granted to:				
- holding company	443,700	600,600	443,700	600,600
- subsidiaries	–	–	59,165	89,473
	443,700	600,600	502,865	690,073

26.2 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. The Company may need to provide for additional tax payable, if any, arising from any revision of the tax computations for YA 2011 and subsequent years, the outcome of which cannot be ascertained at this present stage. On 31 March 2022, the IRB issued a letter of closure to the Company indicating the tax audit is resolved. No additional tax payable and tax penalty will be imposed to the Company.

26.3 On 28 August 2019, the IRB has requested one of the group entities to furnish documents relating to YA 2015 to YA 2017. The Group has engaged a tax consultant to assist in the matter and has responded to the IRB's request. This tax audit has resulted in a tax adjustment of RM2.2 million for YA 2016 in the financial year ended 31 December 2019. The Company may need to provide for additional tax payable, if any, arising from any revision of the tax computations for YA 2015 to YA 2017.

In addition to the above, the IRB has:

(a) on 22 April 2021, written to seek clarification on certain asset transfers between group entities and the Group had since replied to the IRB. On 13 August 2021, the IRB had responded with their view and stance on the tax treatment of the asset transfers and the Group had made an appeal to the IRB to rebut the IRB's view; and

(b) conducted transfer pricing tax audits of several subsidiaries of the Group for years of assessment varying from YA 2013 to YA 2019. The Group had responded to the IRB on its enquiries arising from the audits.

Subsequently on 15 December 2021, the IRB issued a non-chargeability notice to the affected group entities. The IRB has agreed to offset the tax adjustment with the business losses carried forward and capital allowance carried forward of a subsidiary for YAs 2013 to 2019. As a result, there will not be an additional tax payable and tax penalty. The above IRB tax audit has now been resolved.

27. 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.

Significant related party transactions, other than compensations to key management personnel (see Note 19) and those disclosed elsewhere in the financial statements, are as follows:

Transactions with subsidiaries

	Company	
	2021	**2020**
	RM'000	**RM'000**
Management fees income	(1,512)	(1,656)

Transaction with related companies

	Group	
	2021	**2020**
	RM'000	**RM'000**
Charter income	(61,196)	(71,301)
Mobilisation and demobilisation income	(3,385)	(5,170)
Interest expenses	4,565	9,659
Rental expenses	340	340

	Company	
	2021	**2020**
	RM'000	**RM'000**
Rental expenses	61	61
Interest expenses	4,565	9,659

The balances related to the above transactions are disclosed in Note 8 and 13 to the financial statements.

Related party transactions are based on negotiated terms. All the amounts outstanding are unsecured and expected to settle in cash.

28. SIGNIFICANT EVENTS DURING THE YEAR

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 incurred in defending the prior suits (and the appeals emanated therefrom) brought by the Company against them.

On 29 May 2019, the High Court allowed the Plaintiff's claim against the Company for the cost incurred on an indemnity basis in defending the suits (and the appeals emanated therefrom) since 2009. The total amount to be paid by the Company to the Plaintiffs including the costs and the allocator fee was RM2,652,447. The said amount was fully settled in September 2019.

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

The Company received the ground of judgment from the High Court in January 2020 and all the parties agreed that the Company would file its supplementary record of appeal in the Court of Appeal by 2 March 2020.

The Appeal came up for e-review on 13 February 2020 and the Court of Appeal fixed the Appeal for further e-review on 5 March 2020 for the Company to update the Court of Appeal on the status of filing of the said supplementary record of appeal. The case management had subsequently been fixed on 21 September 2020 and the hearing for the full e-Appellate was scheduled to take place on 21 June 2021.

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

The Court of Appeal Order and the Certificate of Allocator were sealed and perfected by the Registry of the Court of Appeal on 4 October 2021 upon issuance of the sealed Order and Certificate of Allocator. Upon the extraction of the court sealed documents, the Company's solicitors proceeded to demand for refund/payment of the sums due under the Court Order and the Certificate of Allocator together with RM30,000 costs granted by the Court of Appeal through the Plaintiff's solicitor. However, the Plaintiffs failed and/or refused to refund the sums due under the Court of Appeal Order. The Plaintiff's solicitors wrote to the Company's solicitors on 5 November 2021 enquiring as to whether the Company could withhold the execution of the Court of Appeal Order pending disposal of the Plaintiff's application for leave to appeal to the Federal Court filed on 15 September 2021. The Company's solicitors responded in the negative. The Plaintiff's leave application in the Federal Court is fixed for hearing on 16 February 2022 and all the relevant cause papers have been filed in court.

Given that the Plaintiffs have yet to refund the amount due under the Court of Appeal Order, the Company has instructed the Company's solicitors to proceed to execute the Court of Appeal Order. Accordingly, a notice of demand was issued on 17 November 2021 for payment within 14 days. As the Plaintiffs failed, refused and/or neglected to satisfy the notice of demand, the Company has instructed its solicitors to commence bankruptcy proceedings against the Plaintiffs. The Company's solicitors have prepared the Bankruptcy Notices which are now being served on the Plaintiffs. Upon the service of the Notices, the Company's solicitors will file the requisite Creditors' Petition in the Bankruptcy Court. The leave application in the Federal Court was originally fixed for hearing on 18 February 2022. Subsequently, it was rescheduled by the Federal Court to 12 May 2022.

29. COMPARATIVES

The following comparatives in the statements of financial position have been restated to conform with the current year's presentation:

	Group 31.12.2020		Company 31.12.2020	
	As restated RM'000	As previously reported RM'000	As restated RM'000	As previously reported RM'000
Non-current trade and other payables	164,286	140,721	164,286	140,721
Current trade and other payables	70,900	94,465	275,620	299,185

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 71 to 152 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 2021 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:

Jamalludin bin Obeng
Managing Director

Alias bin Mat Lazin
Executive Director

Kuala Lumpur,

Date: 11 April 2022

STATUTORY **DECLARATION**

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, **Jamalludin bin Obeng**, 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 71 to 152 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 **Jamalludin bin Obeng**, NRIC: 641122-13-5385, at Petaling Jaya in Selangor on 11 April 2022.

Jamalludin bin Obeng

Before me:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PERDANA PETROLEUM BERHAD
(REGISTRATION NO. 199501042909 (372113-A))
(INCORPORATED IN MALAYSIA)

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 2021 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 71 to 152.

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 2021, 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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).

The key audit matter	How the matter was addressed in our audit
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 RM5.3 million and RM279.2 million respectively as at the end of the current financial year. Furthermore, the Group and the Company recorded net losses of RM328.3 million and RM401.4 million respectively for the current financial year ended 31 December 2021. 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. This is a key audit matter due to the degree of judgement involved in our evaluation of the appropriateness of the management's assessment of going concern basis for the preparation of the financial statements of the Group and the Company.	Our audit procedures included, amongst others: (i) We considered the ability and intent of the holding company in providing continuous financial backing to support the Group and the Company. (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. (iii) 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PERDANA PETROLEUM BERHAD
(REGISTRATION NO. 199501042909 (372113-A))
(INCORPORATED IN MALAYSIA)

(Cont'd)

Key Audit Matters (Cont'd)

2. Valuation of marine vessels

Refer to Note 2(d) and 2(j)(ii) (accounting policies) and Note 3.2 (financial disclosures).

The key audit matter	How the matter was addressed in our audit
The Group's main customers are from oil and gas companies involved in upstream exploration activities. The volatility of crude oil prices in 2021 have continued to affect the business activities of the industry in which the Group operates. 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. For the current financial year ended 31 December 2021, the Group recognised a net impairment loss of RM220 million. As disclosed in Note 3.2 to the financial statements, the estimation of recoverable amounts involved forecasting and discounting future cash flows to be generated by the respective marine vessels, as well as comparison with recent market transactions of similar vessels of similar age and specifications. 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.	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 the 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 evaluated the valuation technique and significant inputs used in the valuation by the independent valuer. (iii) 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.

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 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PERDANA PETROLEUM BERHAD
(REGISTRATION NO. 199501042909 (372113-A))
(INCORPORATED IN MALAYSIA)

(Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- 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.

- 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, actions taken to eliminate threats or safeguards applied.

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: 03232/02/2024 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 11 April 2022

ANALYSIS OF SHAREHOLDINGS
AS AT 14 MARCH 2022

ORDINARY SHARE CAPITAL

Total number of issued shares and class of shares	:	2,216,857,691 ordinary shares
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	1,536	12.836	54,831	0.002
100 - 1,000	1,623	13.563	845,552	0.038
1,001 - 10,000	3,988	33.327	20,745,841	0.935
10,001 - 100,000	3,809	31.831	152,149,946	6.863
100,001 to less than 5% of the issued shares	1,009	8.432	630,701,571	28.450
5% and above of issued shares	1	0.008	1,412,359,950	63.709
	11,966	100.00	2,216,857,691	100.00

DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	Direct Interest	%	Deemed Interest	%
1.	DATUK DR ABD HAPIZ BIN ABDULLAH	–	–	–	–
2.	JAMALLUDIN BIN OBENG	–	–	–	–
3.	ALIAS BIN MAT LAZIN	149,477	0.01	–	–
4.	DATUK SELVA KUMAR A/L MOOKIAH	–	–	–	–
5.	ZAKARIA BIN KASAH	–	–	–	–
6.	RUZIAH BINTI MOHD AMIN	–	–	–	–
7.	CHIN CHEE KONG	–	–	–	–
8.	DATUK HASMI BIN HASNAN	290,202	0.01	1,489,346,379	67.18 #

Notes:

\# *Deemed interested pursuant to Section 8 of the Companies Act 2016*

SHARES IN RELATED CORPORATION

By virtue of Datuk Hasmi bin Hasnan's interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016, he is deemed to has an interest in the ordinary shares of the related corporations that are wholly owned by the Company.

ANALYSIS OF SHAREHOLDINGS
AS AT 14 MARCH 2022
(Cont'd)

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	63.709
2.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TA KIN YAN	47,040,800	2.121
3.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NAIM HOLDINGS BERHAD	39,840,429	1.797
4.	NAIM HOLDINGS BERHAD	24,915,000	1.123
5.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TA KIN YAN	19,683,800	0.887
6.	WONG YOKE FONG @ WONG NYOK FING	14,780,000	0.666
7.	AFFIN HWANG NOMINEES (ASING) SDN BHD PHILLIP SECURITIES PTE LTD FOR TOH ONG TIAM	12,800,000	0.577
8.	NAIM HOLDINGS BERHAD	12,231,000	0.551
9.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NOORSABARINA BINTI MOHAMED SHARIFF	11,365,424	0.512
10.	TASEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR TA INVESTMENT MANAGEMENT BERHAD	10,904,700	0.491
11.	HUANG TIONG SII	9,902,500	0.446
12.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD	8,858,400	0.399
13.	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YOKE FONG @ WONG NYOK FING	7,000,000	0.315
14.	TOH EAN HAI	6,900,000	0.311
15.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAK TIAN MENG	6,210,200	0.280

THIRTY LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	%
16.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (LIFE PAR)	6,000,000	0.270
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (PREM EQUITY)	5,500,000	0.248
18.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD TA DYNAMIC ABSOLUTE MANDATE	4,328,900	0.195
19.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI KIM SEW	4,000,000	0.180
20.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI KIM SAN	4,000,000	0.180
21.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (LIFE NON PAR)	3,800,000	0.171
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA FAMILY TAKAFUL BERHAD (DANA EKUITI)	3,660,000	0.165
23.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW YUEH MING	3,566,200	0.160
24.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUEK SEE KUI	3,460,000	0.156
25.	MOHAMED YUNUS RAMLI BIN ABBAS	3,300,000	0.148
26.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KOK THYE	3,000,000	0.135
27.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MICHAEL YONG	2,987,422	0.134
28.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY CHOON WEI	2,810,000	0.126
29.	KIING CHIEW MING	2,800,000	0.126
30.	SHEIKH AHMAD DARABI BIN SULAIMAN	2,703,000	0.121

ANALYSIS OF SHAREHOLDINGS
AS AT 14 MARCH 2022
(Cont'd)

SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholders	Direct Interest	%	Deemed Interest	%
1.	DAYANG ENTERPRISE HOLDINGS BHD	1,412,359,950	63.71	–	–
2.	NAIM HOLDINGS BERHAD	76,986,429	3.47	1,412,359,950	63.71
3.	DATUK LING SUK KIONG	2,000,097	0.09	1,412,390,042	63.71
4.	YM TENGKU DATO' YUSOF BIN TENGKU AHMAD SHAHRUDDIN	–	–	1,412,359,950	63.71
5.	DATUK HASMI BIN HASNAN	290,202	0.01	1,489,346,379	67.18
6.	JOE LING SIEW LOUNG @ LIN SHOU LONG	–	–	1,412,390,139	63.71
7.	DATUK AMAR ABDUL HAMED BIN SEPAWI	–	–	1,489,346,379	67.18

ANALYSIS OF RCPS SHAREHOLDINGS

AS AT 14 MARCH 2022

REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS")

Total number of issued shares and class of shares	:	1,463,629,199 RCPS
Balance of RCPS not converted	:	25,242,457 RCPS
Voting rights	:	No voting rights at Annual General Meeting
Conversion Price	:	RM0.325
Redemption Tenure	:	10 years (expiring on 30 December 2029)

ANALYSIS OF RCPS SHAREHOLDINGS

Size of holdings	No. of RCPS holders	Percentage of RCPS holders	No. of RCPS Held	Percentage of Issued RCPS capital
1 - 99	59	6.427	2,236	0.008
100 - 1,000	101	11.002	58,435	0.231
1,001 - 10,000	412	44.880	2,004,657	7.941
10,001 - 100,000	306	33.333	9,751,033	38.629
100,001 to less than 5% of the issued holdings	39	4.248	11,868,424	47.017
5% and above of issued holdings	1	0.108	1,557,672	6.170
	918	100.00	25,242,457	100.00

DIRECTORS' RCPS SHAREHOLDINGS

No.	Name of Directors	Direct Interest	%	Deemed Interest	%
1.	DATUK DR ABD HAPIZ BIN ABDULLAH	–	–	–	–
2.	JAMALLUDIN BIN OBENG	–	–	–	–
3.	ALIAS BIN MAT LAZIN	–	–	–	–
4.	DATUK SELVA KUMAR A/L MOOKIAH	–	–	–	–
5.	ZAKARIA BIN KASAH	–	–	–	–
6.	RUZIAH BINTI MOHD AMIN	–	–	–	–
7.	CHIN CHEE KONG	–	–	–	–
8.	DATUK HASMI BIN HASNAN	–	–	–	–

ANALYSIS OF RCPS SHAREHOLDINGS
AS AT 14 MARCH 2022
(Cont'd)

THIRTY LARGEST RCPS HOLDERS

No.	Name of Shareholders	No. of RCPS	%
1.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUNG VUI KONG	1,557,672	6.170
2.	CHAY CHEE KEN	1,000,116	3.962
3.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM MOOI TEAN	1,000,000	3.961
4.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY CHOON WEI	800,000	3.169
5.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KIM CHONG	611,000	2.420
6.	CHUNG VUI KONG	500,000	1.980
7.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW JON LAN	459,000	1.818
8.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG SENG FOO	430,000	1.703
9.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR CHIN HENG FOOK	400,000	1.584
10.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUEK SEE KUI	397,300	1.573
11.	TAN CHWEE LYE	387,556	1.535
12.	QUEK SEE KUI	379,300	1.502
13.	TANG LUNG TECK	367,336	1.455
14.	HEE KUANG SIONG	295,472	1.170
15.	OOI KOK KEE	280,000	1.109

THIRTY LARGEST RCPS HOLDERS (CONT'D)

No.	Name of Shareholders	No. of RCPS	%
16.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONE YOON SENG	250,000	0.990
17.	RICHARD TEO CHOK TECK	240,000	0.950
18.	LIM NGUAN HAI	230,000	0.911
19.	TAN CHEN SIEW	214,988	0.851
20.	RAMLA RAZA MUHAMMAD RAZA-UL-HAQ	202,000	0.800
21.	CHUNG VUI KONG	200,000	0.792
22.	LEE TEIK MING	200,000	0.792
23.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHEE SING	200,000	0.792
24.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD LEE CHIN BIN	200,000	0.792
25.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THEE CHIN CHIEN	200,000	0.792
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD KONG AH THEN	191,100	0.757
27.	NG SING HEONG	184,400	0.730
28.	YONG YUE POH	180,000	0.713
29.	KONG AH THEN	160,700	0.636
30.	YONG SIEW NGEE	152,200	0.602

SUBSTANTIAL RCPS HOLDERS

No.	Name of Shareholders	Direct Interest	%	Deemed Interest	%
1.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUNG VUI KONG	1,557,672	6.17	–	–

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Sixth Annual General Meeting ("26th AGM") of the Company will be held at **Tricor Business Centre**, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue") on **18 May 2022 (Wednesday) 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 2021 and the Reports of the Directors and Auditors thereon.

2. To approve the payment of Non-Executive Directors' Fees of up to RM480,000.00 per annum from May 2022 until the next AGM. **Resolution 1**

3. To approve the payment of meeting allowance of RM500.00 per meeting for attendance of each Non-Executive Director from May 2022 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	Datuk Hasmi Bin Hasnan	(Article 110)	**Resolution 3**
4.2	Ruziah Binti Mohd Amin	(Article 116)	**Resolution 4**
4.3	Zakaria Bin Kasah	(Article 116)	**Resolution 5**
4.4	Datuk Selva Kumar A/L Mookiah	(Article 116)	**Resolution 6**
4.5	Jamalludin Bin Obeng	(Article 116)	**Resolution 7**

5. To re-appoint KPMG PLT as Auditors and to authorise the Board of Directors to fix their remuneration. **Resolution 8**

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 9**

"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."

6.2 Proposed Renewal of Existing Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature. **Resolution 10**

"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 18 April 2022 ("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
20 April 2022

NOTICE OF
ANNUAL GENERAL MEETING
(Cont'd)

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 26th 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 26th AGM in order to register, participate and vote remotely via the RPV facilities.

2. The venue of the 26th AGM is strictly for the purpose of complying with Section 327(2) of the Act 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 26th 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 26th 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 26th AGM.

PROXY NOTES (CONT'D)

8. The appointment of proxy may be made in a hardcopy form or by electronic means as follows:

   In Hardcopy Form

   The proxy form 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, **not less than 48 hours** before the time for holding this AGM or **no later than 16 May 2022 at 10.00 a.m**.

   By Electronic Form

   The proxy form can be electronically submitted to the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Details on the procedure of electronic submission proxy form via TIIH Online.

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 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 11 May 2022. 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 Resolutions 3 to 7

For the purpose of determining the eligibility of the Directors to stand for re-election at the 26th AGM, the Board through its Nomination Committee had assessed Datuk Hasmi Bin Hasnan, Cik Ruziah Binti Mohd Amin, Tuan Haji Zakaria Bin Kasah, Datuk Selva Kumar A/L Mookiah and Encik Jamalludin Bin Obeng (collectively "the Retiring Directors"). The Retiring Directors were assessed on their performance and understanding of the Group's business. Their active participation at the Board meetings showed that there were prepared and were effective in the discharge of his responsibilities. No circumstances have arisen in the past year to impair his independent judgement of Cik Ruziah, Tuan Haji Zakaria Bin Kasah and Datuk Selva Kumar A/L Mookiah on matters brought for Board discussion and they have always acted in the best interest of the Company as a whole.

Based on the wealth of experience of the Retiring Directors and the skills that they can bring to the Company, the Board views that their re-election would bring benefits to the Company.

Based on the above, the Board supports the re-election of the Retiring Directors.

EXPLANATORY NOTES (CONT'D)

Ordinary Resolution 9

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 renewal mandate taking into account the flexibility given by Bursa Malaysia Securities Berhad vide their letters dated 16 April 2020 and 23 December 2021 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 issue 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 26th 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 25th AGM in 2021 for authority to allot shares of the Company up to 20% of the total number of issued shares of the Company was not utilized.

The Board of Directors take cognizance that the 20% General Mandate may be utilized until 31 December 2022. Should the Company decide to utilize this mandate after 31 December 2022, the Board will only issue up to 10% of the total number of issued shares.

Ordinary Resolution 10

Please refer to the Circular to Shareholders dated 20 April 2022 for further information on the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature.

Registration No. 199501042909 (372113-A)
(Incorporated In Malaysia)

PROXY FORM

Number of Shares Held	CDS ACCOUNT NO.
	– –
Number of RCPS Held	**CDS ACCOUNT NO.**
	– –

I/We, ____

*NRIC No./Company No./Passport No. ____________________ of ______________________________

Telephone No. __________________________ being a Member of **PERDANA PETROLEUM BERHAD** hereby appoint

____

*NRIC No./Company No./Passport No. ____________________ of ______________________________ and

____

*NRIC No./Company No./Passport No. ____________________ of ______________________________

or failing him/her *the Chairman of the Meeting as *my/*our proxy to vote for *me/*us and on *my/*our behalf at the **26th Annual General Meeting** ("AGM") of the Company to be held at broadcast venue from Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on **Wednesday, 18 May 2022 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 Non-Executive Directors' Fees of up to RM480,000.00 per annum from May 2022 until the next AGM.	1		
To approve the payment of meeting allowance of RM500.00 per meeting for attendance of each Non-Executive Director from May 2022 until the next AGM.	2		
To re-elect Datuk Hasmi Bin Hasnan as Director.	3		
To re-elect Ruziah Binti Mohd Amin as Director.	4		
To re-elect Zakaria Bin Kasah as Director.	5		
To re-elect Datuk Selva Kumar A/L Mookiah as Director.	6		
To re-elect Jamalludin Bin Obeng as Director.	7		
To re-appoint KPMG PLT as Auditors of the Company for the ensuing year.	8		
To authorise the allotment of shares pursuant to Sections 75 and 76 of the Companies Act 2016.	9		
To approve the proposed Renewal of existing Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or Trading Nature.	10		

[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 ____________ 2022

____
[Signature/Common Seal of Shareholder(s)]
[*Delete if not applicable]

IIMPORTANT 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 Proxy Form 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, **not less than 48 hours** before the time for holding this AGM or no later than 16 May 2022 at 10.00 a.m.*

   By Tricor Online System (TIIH Online)

   The Proxy Form can be electronically submitted to the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Details on the procedure of electronic submission proxy form via TIIH Online.

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 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 11 May 2022. 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
Registration No. 199501042909 (372113-A)
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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PERDANA PETROLEUM BERHAD
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