



PERDANA PETROLEUM BERHAD

Registration No.199501042909 (372113-A)

ANNUAL REPORT 2022

ALIGNING FOR SUSTAINABILITY AND GROWTH

An aerial view of an offshore oil rig in the middle of a vast, blue ocean. The rig is a complex of steel structures, including two tall derrick towers, a central processing unit, and a helipad on the deck. The water is a deep, clear blue, and the sky is a pale, hazy blue. A large, white, curved graphic element is visible in the upper right corner of the image.

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

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CORPORATE INFORMATION

Board of Directors

Datuk Dr Abd Hapiz Bin Abdullah
Independent Non-Executive Chairman

Jamalludin Bin Obeng
Managing Director

Alias Bin Mat Lazin
Executive Director

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

Ruziah Binti Mohd Amin
Independent Non-Executive Director

Zakaria Bin Kasah
Independent Non-Executive Director

Chin Chee Kong
Non-Independent Non-Executive Director

Datuk Hasmi Bin Hasnan
Non-Independent Non-Executive Director



Company Secretary

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

Audit and Risk Management Committee

Chairman
Ruziah Binti Mohd Amin

Member
Zakaria Bin Kasah
Chin Chee Kong
Datuk Selva Kumar A/L Mookiah

Remuneration Committee

Chairman
Chin Chee Kong

Member
Ruziah Binti Mohd Amin
Zakaria Bin Kasah
Datuk Selva Kumar A/L Mookiah

Nomination Committee

Chairman
Zakaria Bin Kasah

Member
Chin Chee Kong
Ruziah Binti Mohd Amin
Datuk Selva Kumar A/L Mookiah

CORPORATE INFORMATION

(CONTINUED)

Registered Office & Headquarters

Level 18, Block 2
VSQ @ PJCC, Jalan Utara
46200 Petaling Jaya
Selangor, Malaysia

Tel No. : +603-7931 8524 /
8424 / 8324

Fax No. : +603-7931 8624

E-mail : ppb.corporate@perdana.my

Web : www.perdana.my

External Auditors

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

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, Malaysia
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) Berhad
199301017069 (271809-K)

United Overseas Bank Limited
Licensed Labuan Bank 943300C

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

**2022 Financial Results
Announcements**

First Quarter	18 May 2022
Second Quarter	16 August 2022
Third Quarter	16 November 2022
Fourth Quarter	15 February 2023

**Published Annual Report and
Notice of Annual General Meeting**

Annual Report 2022	18 April 2023
Notice of 27 th Annual General Meeting	18 April 2023
27th Annual General Meeting	17 May 2023

CORPORATE STRUCTURE

AS AT 31 DECEMBER 2022



VESSEL FLEET

A. ACCOMMODATION WORKBARGES



1. Perdana Excelsior

Gross/Net Tonnage:
10,445/3,133 ton



2. Perdana Endurance

Gross/Net Tonnage:
10,445/3,133 ton



3. Perdana Protector

Gross/Net Tonnage:
10,445/3,133 ton



4. Perdana Resolute

Gross/Net Tonnage:
10,445/3,133 ton



5. 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

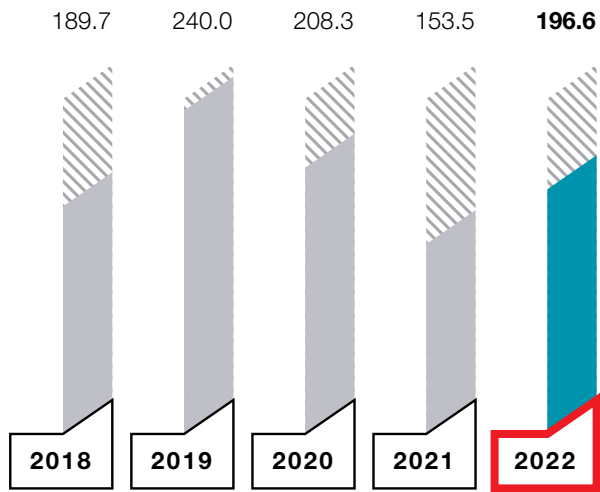
Year Ended 31 December	2022	2021	2020	2019	2018
Key Financial Information (RM'Million)					
Revenue	196.6	153.5	208.3	240.0	189.7
Result from Operating Activities	20.8	(325.3)	(42.7)	20.3	15.1
Profit/(Loss) Before Taxation	13.7	(329.5)	(53.9)	(12.4)	(38.9)
Profit/(Loss) Attributable to Owners of the Company	11.4	(328.3)	(65.8)	(23.0)	(40.9)
Earnings/(Loss) Before Interest and Taxes ("EBIT"/"LBIT")	20.8	(325.3)	(42.7)	20.3	15.1
Earnings/(Loss) Before Interest, Taxes, Depreciation and Amortization ("EBITDA"/"LBITDA")	81.4	(196.1)	38.7	101.1	95.3
Information on Balance Sheet					
Cash and Cash Equivalents	45.4	23.4	46.5	37.6	36.5
Total Assets	822.8	823.2	1,155.6	1,295.5	1,374.9
Total Loans and Borrowings	52.6	67.7	102.0	125.7	633.3
Total Liabilities	237.4	296.9	340.3	395.7	914.1
Share Capital	885.2	885.2	885.2	885.2	411.2
Equity attributable to Owners of the Company	585.3	526.2	815.3	899.7	460.7
Information on Shares					
No. of Total Shares ('Million)	2,242.1	2,242.1	2,242.1	2,242.0	778.5
Basic and Diluted Earnings/(Loss) Per Share (Sen)	0.51	(14.64)	(3.20)	(2.95)	(5.26)
Net Assets Per Share (RM)	0.26	0.24	0.36	0.40	0.59
Share price as at financial year end (RM)	0.125	0.120	0.170	0.395	0.215
Financial Ratios					
Debt-to-Equity Ratio (times)	0.09	0.13	0.13	0.14	1.37
Current Ratio (times)	1.29	0.94	0.76	0.43	0.10
Interest Coverage (times)	2.84	(46.99)	(3.54)	0.37	0.27
ROA (%)	1%	-40%	-6%	-2%	-3%
ROE (%)	2%	-62%	-8%	-3%	-9%
EBIT/(LBIT) Margin (%)	11%	-212%	-20%	8%	-8%
Net Profit/(Loss) Margin (%)	6%	-214%	-32%	-10%	-22%
EBITDA/(LBITDA) Margin (%)	41%	-128%	19%	42%	50%

5 YEARS FINANCIAL HIGHLIGHTS

(CONTINUED)

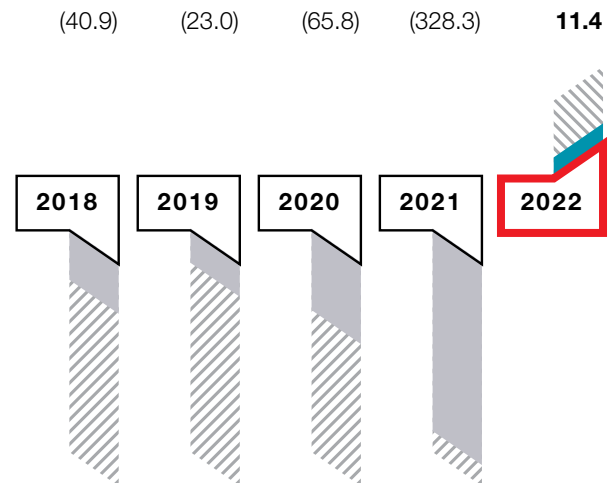
Revenue

(RM million)



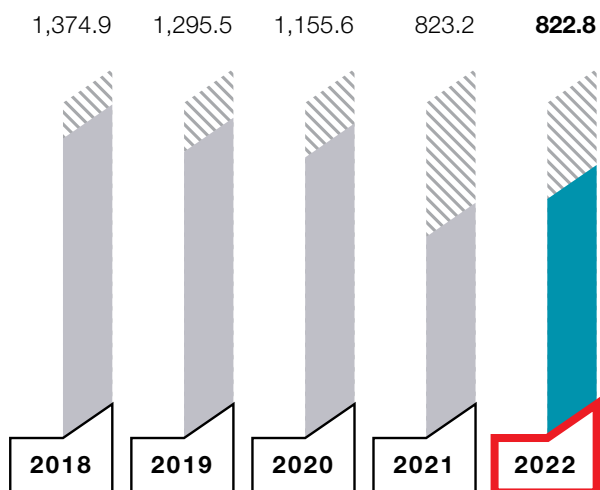
Net Profit/ (Loss)

(RM million)



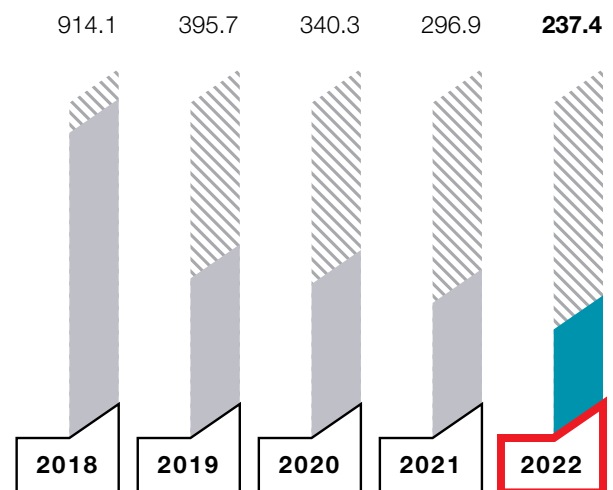
Total Assets

(RM million)



Total Liabilities

(RM million)



DIRECTORS' PROFILE



Datuk Dr Abd Hapiz Bin Abdullah

Independent Non-Executive Chairman

Age

65

Nationality

Malaysian

Date of Appointment

10 September 2015

Date of Re-designation

23 June 2020

Length of Service (as at 31 March 2023)

7 years 7 months

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

Datuk Dr Abd Hapiz Bin 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 Nylex 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.

Family Relationship with any Director and/or major shareholder

None

Conflict of Interest

None

Conviction of Offences within the past 5 years

None

DIRECTORS' PROFILE

(CONTINUED)



Jamalludin Bin Obeng

Managing Director

Age

58

Nationality

Malaysian

Date of Appointment

1 October 2021

Length of Service (as at 31 March 2023)

1 Year 6 months

Encik Jamalludin 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 (“US”). He also graduated with a MA in Educational Computing from the University of San Francisco in US.

Encik Jamalludin Bin Obeng has 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.

Family Relationship with any Director and/or major shareholder

None

Conflict of Interest

None

Conviction of Offences within the past 5 years

None

DIRECTORS' PROFILE

(CONTINUED)



Alias Bin Mat Lazin
Executive Director

Age
54

Nationality
Malaysian

Date of Appointment
10 September 2015

Date of Re-designation
1 September 2018

Length of Service (as at 31 March 2023)
7 years 7 months

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

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

He began his career with Hyundai Engineering and Construction Co. Ltd. (“Hyundai”) as a Junior Field Engineer upon graduation. Determined and energetic, he was subsequently given the trust to lead the Business Development of the Hyundai’s Plant Division. Through the years, he has served in local and international companies in various positions. In 2009, he joined Dayang Enterprise Sdn Bhd (“Dayang”) as a Project Manager tasked with the responsibility of establishing Dayang’s Hook-Up and

Commissioning (“HUC”) Division. With the success of Dayang’s HUC division, he has since then, led the team to venture into new segments which includes Engineering, Procurement, Construction and Commissioning (“EPCC”) and Pre-Commissioning and Decommissioning activities in the Oil and Gas sector.

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

Family Relationship with any Director and/or major shareholder

None

Conflict of Interest

None

Conviction of Offences within the past 5 years

None

DIRECTORS' PROFILE

(CONTINUED)



Ruziah Binti Mohd Amin
 Independent Non-Executive Director
 Audit and Risk Management Committee, Chairman
 Nomination Committee, Member
 Remuneration Committee, Member

Age
62

Nationality
Malaysian

Date of Appointment
18 June 2021

Length of Service (as at 31 March 2023)
1 Year 9 months

Cik Ruziah was appointed as an Independent Non-Executive Director of Perdana Petroleum Berhad on 18 June 2021.

Cik Ruziah 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

DIRECTORS' PROFILE

(CONTINUED)



Tuan Haji Zakaria Bin Kasah

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

Age
58

Nationality
Malaysian

Date of Appointment
18 June 2021

Length of Service (as at 31 March 2023)
1 Year 9 months

Tuan Haji Zakaria was appointed as an Independent Non-Executive Director of Perdana Petroleum Berhad 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 as 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

(CONTINUED)



Datuk Selva Kumar a/l Mookiah

Independent Non-Executive Director

Remuneration Committee, Member

Audit and Risk Management Committee, Member

Nomination Committee, Member

Age

56

Nationality

Malaysian

Date of Appointment

18 June 2021

Length of Service (as at 31 March 2023)

1 Year 9 months

Datuk Selva Kumar, was appointed as an Independent Non-Executive Director of Perdana Petroleum Berhad on 18 June 2021.

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

Datuk Selva has twenty-nine (29) 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

(CONTINUED)



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

Age
65

Nationality
Malaysian

Date of Appointment
1 October 2015

Length of Service (as at 31 March 2023)
7 years 6 months

Mr Chin Chee Kong was appointed as a Non-Independent Non-Executive Director of Perdana Petroleum Berhad 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

DIRECTORS' PROFILE

(CONTINUED)



Datuk Hasmi Bin Hasnan

Non-Independent Non-Executive Director

Age

70

Nationality

Malaysian

Date of Appointment

1 September 2018

Length of Service (as at 31 March 2023)

4 years 7 months

Datuk Hasmi was appointed as a Non-Independent Non-Executive Director of Perdana Petroleum Berhad 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

CHAIRMAN'S STATEMENT

Our commitment to improve the Group's financial resilience has proven successful. I am very pleased to announce that Perdana Petroleum Berhad ("the Group") has rebounded back into the black with RM11.4 million net profit for the financial year ended 31 December 2022 as revenue grew 28% to RM196.6 million, driven by steady recovery of the Malaysian offshore support vessel ("OSV") sector and higher crude oil prices.





Dear valued shareholders,

A blend of external and internal factors in 2022 worked in the Group's favour, business-wise.

On the external front, the re-opening of borders after COVID-19 pandemic lockdowns had increased demand for crude oil and tight supply amid the war in Ukraine caused crude oil prices to soar, creating record profits for oil and gas ("O&G") companies. Global O&G upstream capital expenditures increased by 39% to USD499 billion, the highest level since 2014, according to the International Energy Forum.

The OSV sector in Malaysia underwent a rejuvenation in 2022 after a lull in activity of seven years as O&G exploration and development activities began to accelerate. The Group – which charters its fleet to oil majors and to engineering, procurement, construction and commissioning service providers – found the winds in its favour as it gained from profitable charter rates and the revival of work orders previously hampered by the pandemic.

We inherited a cleaner financial position at the start of financial year 2022, fresh from the Group's massive impairment exercise in financial year 2021 on property, plant and equipment ("PPE") and higher depreciation charges following an adjustment to the useful life of our anchor handling tug supply ("AHTS") vessels from 25 years to 15 years.

Efforts were devoted to consolidate our financial position further by increasing our net assets base and reducing the Group's debt-to-equity ratio through a trimming of total loans and borrowings. Liquidity also received a boost as our cash flow position at the end of 2022 almost doubled that of last year.

While the Group enhanced its financial resilience, other internal initiatives were taken to improve productivity and efficiency, both offshore and at the corporate office. These attributes, together with the rally in demand for OSVs, have led to the Group's profitable business in 2022.

On behalf of the Board of Directors ("the Board"), I express my deepest appreciation to the management team and all employees for their collective effort in turning the Group's financial performance around within the short span of a year.

We may have reached safe harbour in 2022 but this is merely one of many ports of call in our voyage to sustainability. The future of the Group is about whether we can achieve returns annually and consistently for our shareholders, and I am certain that our team can do this.

CHAIRMAN'S STATEMENT

(CONTINUED)

GROUP PERFORMANCE

The Group's business performed better in 2022 as annual vessel utilisation rose to 59% and quarterly vessel utilisation rates surpassed 2021 figures in all four quarters. We also experienced higher fleet utilisation rates for all categories of vessels and hikes in average daily charter rates ("DCR"), the highest DCR being a 15% increase year-on-year for AHTS vessels.

The local oil major has extended the age cap for specific categories of OSVs from 15 years to 20 years for its licenced OSV bidders. In response to this, the Group adopted a prudent stance to factor in a net reversal of RM11.4 million on impairment loss on PPE for its impacted AHTS vessels and the rest of the fleet, arising from the forecasted remaining value in use.

The Group earned RM196.6 million in revenue and attained a profit after taxation of RM11.4 million after deducting taxation expenses of RM2.3 million against a profit before taxation of RM13.7 million. Further details are found under 'Group Financial Results' in the Management Discussion and Analysis ("MD&A") on page 25 to 26.

Basic and diluted earnings per share improved to 0.51 sen compared with a loss per ordinary share of 14.64 (restated) sen in financial year 2021.

I am glad to report that our financial position strengthened year-on-year whereby net assets climbed to RM585.3 million and total loans and borrowings dropped to RM52.6 million. The Group's debt-to-equity ratio fell to 9% from 13% last year, producing a healthier financial position.

In addition, our cash flow position recorded cash and cash equivalents of RM45.4 million comprising RM35.6 million in deposits placed with licensed banks, owing to improved collection of trade receivables, and RM9.8 million in cash on hand and at banks.

No dividend was declared by the Board for the financial year as the Group has just turned the corner. We will consider dividend distribution once annual profits are secured on a regular basis.

VESSEL SAFETY MANAGEMENT SYSTEMS

The revision of vessel age limit for certain categories of OSVs by the local oil major from 15 years to 20 years is subject to fulfilment of the Conditional Assessment Programme ("CAP") and overall Offshore Vessel Management Self-Assessment ("OVMSA") by licensed OSV operators.

This crucial development brightens the business prospects of our eight AHTS vessels whose average age is more than 13 years per vessel as their useful life can be extended for longer. While no new vessels joined the fleet during the year, an accommodation work barge was disposed in November 2022 under the fleet renewal programme.

The Group has been assessing, measuring and improving its vessel safety management systems under the CAP and OVMSA frameworks to meet industry standards, thereby ensuring safe and reliable vessel operations at all times while prioritising marine crew capability development and fleet maintenance. We are committed to step up efforts to elevate our vessels to higher ratings of safety and performance.

STRENGTHENING OPERATIONAL EFFICIENCY

Our pledge to create a sustainable organisation involves strengthening our capabilities from within. A pivotal area to facilitate the Group on its future-forward journey is operational efficiency. We believe that higher productivity and improved efficiency in Group operations will add value to our business, clients and other stakeholders.

Digitalisation initiatives such as the full-scale implementation of a Group-wide enterprise resource planning system and the development of a crew management software application were undertaken, as well as process improvements to procurement functions and a revision and update of Group policies and procedures.

Further details are found under 'Enhancing Operational Efficiency' in the MD&A on page 24.

CHAIRMAN'S STATEMENT

(CONTINUED)

INDUSTRY RECOGNITION

In November 2022, the Group's operating subsidiary Intra Oil Services Berhad received two appreciation plaques from the local oil major for involvement in the Bokor ESP Workover Campaign 2022 (C-304 and C-308), whereby the Group's AHTS vessels Perdana Horizon and Perdana Adventurer and accommodation work barge Perdana Resolute were chartered for the project.

An appreciation plaque was also presented by a petroleum arrangement contractor ("PAC") to the Group's subsidiary Perdana Nautika Sdn Bhd for the chartering of vessel in the PAC's 'Integrated TMM Campaign' from 15 March 2022 to 7 September 2022.



BOARD DEVELOPMENTS

Miss Emily Hii San San ("Emily") resigned as alternate director to Datuk Hasmi Bin Hasnan ("Datuk Hasmi") on 24 March 2022 after serving the Board since 2 January 2020. Thereafter Mr Bryan Chen King Yu ("Bryan") was appointed as alternate director to Datuk Hasmi on 12 April 2022, only to step down from the position on 7 July 2022. I would like to thank both Emily and Bryan for their contribution to the Board during their respective tenures.

OUR PROSPECTS IN 2023

We are encouraged by the Group's performance in 2022 as it indicates our business turnaround plan is on the right course. Our strategic alliance with Dayang Enterprise Holdings Berhad also keeps us in good stead as we build upon this year's momentum to propel the business further in 2023.

The larger volume of O&G upstream capital expenditure as signalled by stable prospects for OSVs in the PETRONAS Activity Outlook 2023 – 2025 along with a lower supply of OSVs in the market is expected to bolster demand for the Group's vessels.

Crude oil price volatility is anticipated in 2023 following the prolonged war in Ukraine, the anticipation of a global economic recession, rising inflation and lending rates and lower levels of consumption, all of which combined may weaken the demand for crude oil and other energy commodities.

In terms of operations, our vessel fleet hopes to welcome new additions if opportunities arise but any acquisition will be subject to detailed consideration, particularly the funding aspect. We are also setting our sights to bid for regional projects to expand our client base.

The Group will act decisively under favourable market conditions in parallel with increased productivity and efficiency, aiming to align the business towards sustainability and growth. The Board and I would like to thank everyone at Perdana Petroleum Berhad for their tenacity and versatility in this dynamic operating environment.

Datuk Dr. Abd Hapiz Bin Abdullah

Independent Non-Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS



Clear momentum in the recovery of the domestic offshore support vessel (“OSV”) market in 2022 gave rise to higher vessel utilisation and charter rates for Perdana Petroleum Berhad (“PPB” or “the Group”) which sailed into the black for the financial year ended 31 December 2022 (“FY2022”). The Group registered a profit after taxation of RM11.4 million, enhanced its cash flow position to RM45.4 million and recorded a stronger financial position.

BUSINESS AND OPERATIONS OVERVIEW

PPB provides chartering of OSVs and marine support services to the oil and gas (“O&G”) industry via its main operating subsidiaries Intra Oil Services Berhad and Perdana Nautika Sdn Bhd. The latter subsidiary was licensed in 2011 by Petroliaam Nasional Berhad (“PETRONAS”) to provide marine vessel chartering services to the PETRONAS group and its petroleum arrangement contractors (“PACs”).

The Group has established a strong track record since 2004 in reliable project delivery, safety and service excellence for its OSV business involving:

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

All business activities were conducted in Malaysia during the year under review.

Fleet Size

PPB owns and operates fifteen (15) vessels which support exploration, development, facilities installation, hook-up and commissioning as well as production, operations and maintenance activities for greenfield and brownfield O&G projects. As at 31 December 2022, the fleet comprised eight (8) anchor handling tug supply (“AHTS”) vessels, five (5) accommodation work barges (“AWB”) and two (2) accommodation workboats (“WB”).

In line with the fleet renewal programme, an AWB named Perdana Odyssey was disposed of in the fourth quarter of 2022 while the search for prospective new vessels continues.



Aligning for Sustainability and Growth

Group operations in FY2022 were dedicated to steering PPB back to profitability. The perceptible upturn in the operating environment and a 25% increase in the number of charter projects yielded a profit after taxation of RM11.4 million in FY2022 for the Group, compared with a loss after taxation of RM328.3 million for the financial year ended 2021 (“FY2021”).

Even so, the Group will not dwell on its modest achievement as efforts to ensure the sustainability of PPB press ahead. Key areas identified include enhancing the efficiency of work processes, normalising crew operations post-pandemic and leveraging the Group’s core business strengths.

Growth initiatives for the long term are expected to centre on revamping business models to meet the evolving needs of the market and O&G industry, alongside the development of innovative business strategies to enhance Group revenue streams.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

Strategic Alliance

PPB benefits from a strategic alliance with its parent company Dayang Enterprise Holdings Berhad (“Dayang”) – a leading engineering, procurement, construction and commissioning (“EPCC”) service provider – to maximise the utilisation of PPB’s vessels qualified to bid for Dayang’s offshore topside maintenance works, particularly the Group’s AWBs which are used in Dayang’s maintenance, construction and modification (“MCM”) and integrated hook-up and commissioning (“IHUC”) projects.

Dayang remains a valued anchor client that renders stable revenue flow to the Group.

BUSINESS REVIEW FOR 2022

The Malaysian OSV market picked up pace in FY2022 after seven years in the doldrums. Upstream O&G activities gathered momentum, buoyed by higher crude oil prices, while postponed charter projects were restarted and trade borders re-opened after COVID-19 pandemic restrictions had eased. These external conditions bode well for PPB’s business, bringing in a profit for the financial year as vessel utilisation rates and charter rates rose year-on-year, particularly towards the middle of FY2022.

Vessel Utilisation Rates

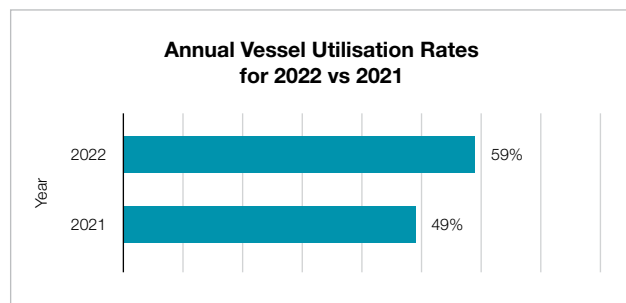


Chart: Annual vessel utilisation rates (2022 vs 2021) (Source: Internal)

FY2022 recorded an annual vessel utilisation rate of 59%, a rise of 17% from FY2021, indicating post-pandemic bullish sentiment in the domestic OSV market. The rising trend in annual vessel utilisation is expected to prevail next year.

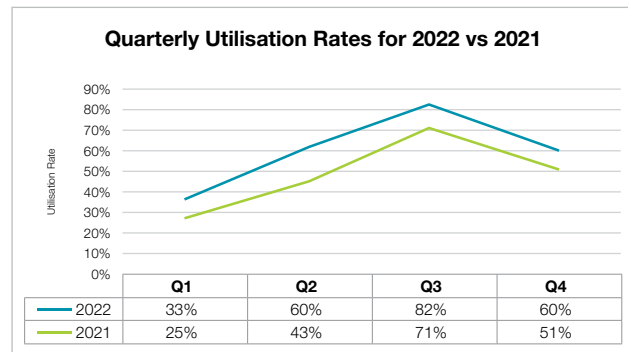


Chart: Quarterly vessel utilisation rates (2022 vs 2021) (Source: Internal)

All four quarters of FY2022 outperformed their FY2021 counterparts in the case of quarterly vessel utilisation. The third quarter reported the highest utilisation at 82% from improved charter rates and the revival of work orders and EPCC contracts – drawing a revenue of RM69.4 million (Q3FY2021: RM54.2 million) and profit before taxation of RM14.9 million (Q3FY2021: RM3.3 million) – before moderating to 60% in the fourth quarter.

Fleet Utilisation Rates and Charter Rates

Fleet utilisation rates registered an all-round increase for all categories of vessels in FY2022, reflecting the rally in upstream O&G activities. Positive variances in average daily charter rates (“DCR”) also translated as higher earnings for the business.

Category	Fleet Utilisation Rates		Average Daily Charter Rates Variance
	2021	2022	2022 vs 2021
Anchor Handling Tug Supply (AHTS)	60%	71%	15% increase
Accommodation Work Barge (AWB)	42%	42%	9% increase
Accommodation Workboat (WB)	29%	56%	3% increase
Annual fleet utilisation rate	49%	59%	10% increase

Table: Fleet utilisation rates based on contract value & average daily charter rates variance (2022 vs 2021) (Source: Internal)

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

AHTS vessels were sought the most at 71% utilisation based on contract value, largely due to their ability to operate throughout the year under all weather conditions. Lower utilisation was reported for WBs at 56% and AWBs at 42% as these vessels were only available for charter to support construction and support services like MCM and IHUC projects during the non-monsoon months from March to October. AWBs recorded the lowest fleet utilisation due to delays in the commencement of projects.

All vessel categories recorded higher DCR in FY2022 with the largest increase of 15% coming from AHTS vessels, followed by AWBs at 9% and WBs at 3%.

Contracts and Tenders

To a large extent, more contracts were secured by PPB in FY2022 due to higher industry demand from the ramping up of activities by oil majors, coupled with an overall shortage of vessels in the OSV market. FY2022 saw an increase of 25% in total charter contracts secured (FY2022: 35 work orders, FY2021: 28 work orders), either via single source tender or open tender.

All successful tenders and work orders acquired were for the domestic market while a submission for a project in India went unrewarded. Work orders were also received for the resumption of projects previously postponed or cancelled during the COVID-19 pandemic.

As part of business strategy to boost vessel utilisation rates and seek better charter rates, the Group conducted direct engagements with potential clients such as EPCCs and oil major end users during the bidding stage for production, maintenance and decommissioning contracts.

Contract Duration	2021	2022
1 Year and above	40%	22%
6 months and above	24%	13%
Less than 6 months	36%	65%

Table: Percentages of long-term and short-term contract values secured (2022 vs 2021) (Source: Internal)

The majority or 65% of total contracts in FY2022 were short-term in nature of less than 180 days while the balance of 35% comprised longer-term contracts lasting more than six months and more than one year.

Extension of Age Cap for OSVs to 20 Years

Negotiations between domestic OSV operators and the local oil major were held during FY2022 to increase the age cap for AHTS category of vessels participating in tenders to 20 years from the existing 15-year cap.

Subsequently, a letter was issued by the local oil major in early March 2023 to the OSV players notifying that the vessel age limit for OSVs had been revised from 15 years to 20 years, subject to fulfilment of the Conditional Assessment Programme (“CAP”) and overall Offshore Vessel Management Self-Assessment (“OVMSA”).

Since PPB operates an ageing AHTS fleet, an extension of the cut-off age would improve business prospects for the Group’s AHTS vessels as they can be utilised for a longer period despite higher maintenance costs.

Notwithstanding this favourable news, the Group continues to explore new vessel assets subject to their suitability.

REVIEW OF OPERATING ACTIVITIES

FY2022 was a brisk year for business as marine crews were kept busy on charter projects and new colleagues were welcomed aboard to sustain higher levels of vessel operations. The year also centred on improvement, be it operational efficiency in work processes or assessing the robustness of fleet safety management systems to meet industry standards for OSV operators.

Vessel Operations

Normalising crew routines, post-pandemic

Concurrent with the higher demand for OSVs to support O&G exploration and production activities, a large part of FY2022 was spent resolving specific issues within the internal work environment. Steps were taken to reduce vessel operation interruptions and normalise work routines so that vessel crews could focus on the smooth delivery of services.

Such changes in modes of operations and work routines were necessary – after two years of crews adapting to the new normal in the conduct of vessel operations vis-à-vis COVID-19 health compliance protocols – as Malaysia entered the transition to endemic phase from 1 April 2022 amidst the upliftment of previously-mandated COVID-19 management guidelines.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

Enhanced compliance for OVMSA and CAP technical conditions

The Group has embarked on enhanced compliance towards fulfilment of the OVMSA and CAP conditions prescribed by the local oil major in light of the revision of vessel age limit for OSVs to 20 years. Both frameworks aim to ensure safe and reliable vessel operations at all times.

The OVMSA programme, in which the local oil major and its PACs require OSVs to achieve an average rating of 1.5, will assist PPB in assessing, measuring and improving the safety management systems of the Group’s AHTS fleet since the average age of each AHTS vessel is more than 13 years old as at 31 December 2022.

Meanwhile, the CAP condition requires OSVs between 15 to 20 years of age to achieve a rating of 2.0 that is endorsed by an International Association of Classification Societies member for the vessels’ hull, accommodation, machinery and mooring systems where applicable.

As four units of PPB vessels will reach 15 years of age in 2023, work on examining the CAP requirements and improving operations in line with the programme is currently in progress.

Fleet Maintenance and Repair

Integrated fleet maintenance, including vessel upgrading work, is performed by the Group on a regular basis using internally generated funds to minimise vessel findings during pre-hire inspection and offshore vessel inspection database review by clients. Most of the fleet maintenance work is carried out in Miri and Labuan since more than 70% of charter contracts are performed in East Malaysian waters.

PPB practices cold lay-up of vessels that are without near-term contract. These ships are taken out of service and moored securely in Labuan to reduce operating costs while waiting for new charter hires. In FY2022, four AWBs were involved, i.e. three vessels on short term cold lay-up and one on full year lay-up.

An underperforming AWB, Perdana Odyssey, was disposed during the year to reduce non-productive maintenance costs.

Our People in Numbers

Hiring efforts were stepped up for vessel crews on contract to meet additional workforce needs, in line with the quicker tempo of business in FY2022.

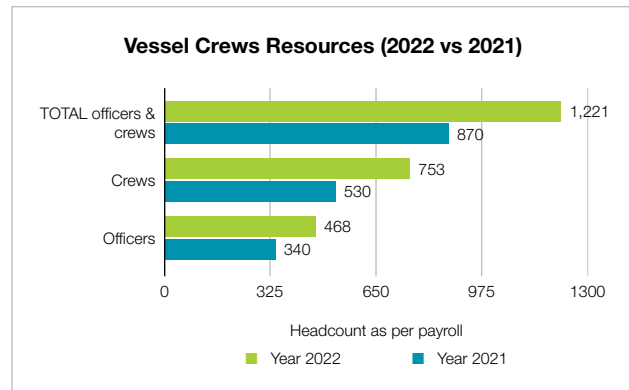


Chart: Marine crews’ headcount as per payroll as at year end (2022 vs 2021)
(Source: Internal)

The total number of offshore manpower rose by 40% in FY2022 to 1,221 persons (FY2021: 870). Marine crews’ headcount jumped 42% to 753 persons while officers, entailing positions of higher-rank such as Master and Chief Engineer, grew in number by 38% to 468 persons as work orders increased.

Over at the corporate office, total headcount dropped to 64 (FY2021: 70):

- Seven persons resigned during the year, leaving 61 permanent staff on the payroll; and
- One contract staff was hired, amounting to three office-based staff on contract.

Crews onboarding and orientation

Physical onboarding for new hires was re-introduced in FY2022 after this activity had been conducted remotely for the past two years to minimise the spread of COVID-19. New officers attended job-specific training and meetings at the corporate office for crews onboarding, while virtual orientation sessions were continued for new crews.

Training and development

Quality training courses are conducted for marine crews to build their competency while ensuring full understanding of their duties and responsibilities and to instil confidence to execute assigned tasks correctly. Such training emphasises the immediate application of knowledge to the work setting to keep crews safe and vessels at optimum working condition.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

Year	Number of Training Courses	Number of Training Hours	Group Investment in Crews Development
2022	471	5,056	RM 385,694
2021	277	2,888	RM 221,435

Table: Training data for vessel crews (2022 vs 2021) (Source: Internal)

A total of 471 courses were conducted in FY2022, amounting to 5,056 training hours. This was a 70% increase over the number of sessions held in FY2021 with an associated jump of 75% in the number of training hours.

The higher volume of training was attributed to the sharp intake of new crew hires besides a return to physical, on-site training as Malaysia moved into the transition to endemic phase from April 2022.

Health, Safety and Environment

Health, safety and environment (“HSE”) indicators are monitored constantly as they are essential to the successful delivery of the Group’s charter services. As no major incidents were reported in FY2022, there were zero loss time injury (“LTI”) cases and a total of 1,813,986 LTI-free manhours were clocked-in for the year.

Several HSE campaigns were carried out during the year:

- Three internal HSE campaigns were conducted for marine crews, namely ‘Workplace Safety’, ‘Slips, Trips & Falls’ and ‘Monsoon Season’; and
- In collaboration with clients, the Group also contributed to the ‘Zero Incident & Zero Accident’ or ZIZA campaign which aimed to provide awareness, implementation and enforcement on safety precautions; and the ‘Mental Health is Wealth’ campaign with the objective of taking care of employees’ well-being to create a safe workplace and reduce HSE incidents.

Enhancing Operational Efficiency

Operational efficiency is a key area for PPB’s business sustainability and growth because improved efficiency in work processes will extract higher value for the Group’s operations. The Group has invested in digital technology and process improvement for the long term to increase workforce productivity for dynamic daily operations, especially since headcount was lower for office-based positions by the end of FY2022.

Digitalisation initiatives in FY2022 included:

- Full-fledged implementation of the Group’s enterprise resource planning system using JDE software, a fully-integrated software suite designed to streamline business operations such as accounting, procurement, project management, risk management and compliance and vessel operations; and
- Internal design and development of a crew management software application (“App”) to shorten processing time and save paper. The App will be launched in the first half of 2023.

Process improvement was also administered to procurement functions, namely:

- Review and expansion of framework agreements to include more services and recurring items;
- Expansion of procedures to include strategic procurement and two-tier evaluations;
- Standardisation of common items; and
- Reduction of time taken for purchase order issuance and clearance of backlogs.

In addition, the Group reviewed its existing policy documentation to refresh content in tandem with evolving business practices and current corporate standards:

- A discretionary authority limits policy was implemented to set authorisation limits at various levels of management and staff, including Board of Directors (“Board”) approval, to ensure accountability and segregation of duties; and
- A revision and update of Group policies and procedures was conducted.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

FINANCIAL PERFORMANCE ANALYSIS

Group Financial Results

The table below presents comparative figures for FY2022 and FY2021 as per audited financial statements.

	FY2022	FY2021
	RM'000	RM'000
Utilisation rate	59%	49%
Revenue	196,628	153,468
Cost of services	(163,435)	(234,223)
Gross profit/(loss)	33,193	(80,755)
Other income	12,145	990
Administrative and other operating expenses	(24,571)	(254,521)
Results from operating activities	20,767	(325,286)
Finance income	263	2,718
Finance costs	(7,303)	(6,923)
Net finance costs	(7,040)	(4,205)
Profit/(loss) before taxation	13,727	(329,491)
Taxation	(2,342)	1,224
Profit/(loss) for the year	11,385	(328,267)
Profit/(loss) per share (sen)		
Basic and diluted	0.51	(14.64) [#]

[#] restated

Source: Audited Financial Statements 2022

Group revenue rose by 28% in FY2022 to RM196.6 million (FY2021: RM153.5 million), buoyed by higher annual vessel utilisation of 59% (FY2021: 49%) on the back of improved daily charter rates from higher oil prices and more work orders awarded by oil majors in the second half of the year.

Cost of services dropped by 30% to RM163.4 million (FY2021: RM234.2 million), major factors being a reduction in depreciation, amortisation of vessels and COVID-19 related expenses.

A plunge of 90% in administrative and operating expenses from RM245.5 million in FY2021 to RM24.6 million in FY2022 was attributed to:

- Net reversal of RM11.4 million on impairment loss on property, plant and equipment ("PPE") in the fourth quarter (FY2021: RM220.0 million). The Group has re-assessed the value-in-use of its AHTS vessels and other categories of vessels due to:
 - Improved prospects of the global oil market;
 - Revision of the age cap on AHTS vessels by the local oil major from 15 years to 20 years, subject to fulfilment of the CAP and OVMSA conditions; and
 - Disposal of a non-productive AWB during the year.
- A significant drop of RM11.5 million in allowance for impairment loss on trade receivables to RM0.3 million (FY2021: RM11.8 million) due to recovery of trade receivables.
- Administrative cost of RM13.0 million associated with higher insurance and remuneration costs.

Net finance costs increased to RM7.0 million from RM4.2 million in FY2021, being a combination of lower finance income of RM0.3 million (FY2021: RM2.7 million) against higher finance costs of RM7.3 million.

Profit After Taxation

The Group achieved a profit after taxation of RM11.4 million for the year (FY2021: RM328.3 million loss after taxation) attributed to higher Group revenue against a massive drop in administrative and operating expenses and lower cost of services.

Taxation expenses amounted to RM2.3 million against Group profit before taxation of RM13.7 million, based on an effective taxation rate of 17% arising from the lower taxation rate of 3% charged to Labuan subsidiaries and a reversal of net deferred taxation of RM0.9 million.

Basic and diluted earnings per share stood at 0.51 sen, a rebound from the loss per share of 14.64 sen (restated) last year.

No dividends were declared nor paid by the Group in FY2022.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

Group Financial Position

	FY2022 RM'000	FY2021 RM'000
Total non-current assets	713,975	738,415
Total current assets	108,793	84,747
Total assets	822,768	823,162
Total non-current liabilities	153,004	206,898
Total current liabilities	84,435	90,031
Total liabilities	237,439	296,929
Total equity	585,329	526,233
Net assets per share (RM)	0.26	0.24

Source: Audited Financial Statements 2022

The Group's financial position for FY2022 advanced on firmer footing as its total net assets position strengthened to RM585.3 million, an increase of RM59.0 million over FY2021. Consequently, net assets per share rose marginally to RM0.26 (FY2021: RM0.24).

Group total assets stood at RM822.8 million, a majority of which was contributed by:

- A reduction in PPE of RM23.7 million as a result of the disposal of one AWB; and
- A surge of RM35.3 million in deposits placed with licensed banks comprising revenue collected.

Total liabilities of the Group fell 20% to RM237.4 million (FY2021: RM297.0 million):

- There was a 26% reduction of RM53.9 million in non-current liabilities comprising the collection of payables of RM37.6 million from a related company and a reduction in long-term loans and borrowings of RM17.4 million; and
- Current liabilities fell by RM5.6 million to RM84.4 million as trade and other payables decreased RM7.9 million to RM63.4 million, offset by a RM1.2 million increase in short-term loans and borrowings.

The debt-to-equity ratio declined from 13% last year to 9% in FY2022, indicating that the Group had made significant headway in achieving a healthier financial position.

Capital Structure

Total equity stood at RM585.3 million as at 31 December 2022, an increase of 11% over the previous year.

In FY2022, a total of 795,050 redeemable convertible preference shares ("RCPS") were converted into 795,050 ordinary shares. The conversion price of RM0.325 per ordinary share was the same as the issue price of the RCPS. The cumulative number of RCPS converted into ordinary shares of the Group since issuance was 1,438,948,042 as at 31 December 2022.

No significant capital expenditure was recorded since no new vessels were acquired during the year.

Group Cash Flows

Group financial health was revitalised in FY2022 and improvements were reported across all segments:

- Net cash from operating activities increased by RM38.4 million to RM67.1 million (FY2021: RM28.7 million) after cash generated from operations registered a 134% increase;
- Net cash from investing activities increased to a RM15.0 million inflow (FY2021: RM4.0 million net cash outflow) mainly due to RM17.9 million proceeds from disposal of vessel; and
- Net cash used in financing activities, which records repayments of loans and borrowings including interest paid, dropped by RM12.9 million to a RM65.0 million outflow (FY2021: RM52.1 million net cash outflow).

The Group's cash flow position and liquidity almost doubled that of last year to achieve a cash and cash equivalents balance of RM45.4 million at the end of FY2022 (FY2021: RM23.4 million), comprising a placement of RM35.6 million in deposits placed with licensed banks stemming from improved trade collections and RM9.8 million cash on hand and at banks.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

MATERIAL RISK EXPOSURE

The Group faces business risks which may have a material impact on its operations and financial condition. Those risks are elaborated below.

Risk Type	Description of Risk	Mitigation Strategies
<p>Competition Risk Vis-À-Vis Lower Daily Charter Rates (“DCR”)</p>	<p>Bids involving lower DCRs are prevalent amid tight competition for OSV business.</p> <p>The acceptance of a lower DCR than the market rate to secure work tenders will result in lower revenue for the Group.</p>	<p>The Group makes efforts to:</p> <ul style="list-style-type: none"> • negotiate on pricing with clients; and • revisit contract terms to satisfy client requirements as part of business strategy to secure the best DCRs possible.
<p>Shortage of Long-Term Contracts Risk</p>	<p>A majority of contracts secured by PPB are short-term in nature with extensions for maintenance and drilling-related contracts. Long-term contracts are scarce due to oil majors’ difficulties in estimating project duration, coupled with a cost rationalisation approach.</p> <p>Financial institutions require long-term contracts as secured collateral for lending facilities. The shortage of long-term contracts poses a material risk because it impacts the Group’s ability to secure funding for new capital expenditure such as new vessels.</p>	<p>The Group makes efforts to:</p> <ul style="list-style-type: none"> • negotiate with clients; • participate in tenders for production support contracts, • in-charter precise specification third party vessels as an additional income stream; and • actively participate in contract tenders to supply new built vessels.
<p>Ageing Fleet Risk</p>	<p>Older vessels are prone to equipment failure and risk of breakdown during charter service. They also incur higher maintenance costs.</p> <p>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</p>	<p>The Group conducts fleet integrated maintenance involving:</p> <ul style="list-style-type: none"> • regular fleet servicing under a planned schedule; and • comprehensive maintenance and refurbishment work from time to time. <p>The Group is cognisant of the need to acquire new vessels, although none were secured in FY2022. The ongoing fleet renewal exercise will span several years.</p> <p>The decision by the local oil major to extend the age cap for OSVs to 20 years will improve business prospects for the Group as AHTS vessels can be utilised for longer.</p>

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

Risk Type	Description of Risk	Mitigation Strategies
<p>Credit Control Risk</p>	<p>Certain EPCC contractors of oil majors were unable to meet their contractual payment obligations to the Group.</p> <p>This credit control risk will lead to:</p> <ul style="list-style-type: none"> • a shortfall in revenue collection; • an impairment loss on trade receivables; and • an impact on liquidity due to lower cash flows from operating activities. 	<ul style="list-style-type: none"> • Determining creditworthiness of vessel charterers by assessing their credit risk and financial strength; • Conducting due diligence during the tender process, i.e. 'Know Your Client'; • Securing advance payment, where possible; • Setting permissible credit limits and payment terms, where necessary; and • Being pro-active in debt collection.
<p>Cancellation Risk/ Early Termination Risk In Relation to Contracts</p>	<p>A common clause in the charter contracts of oil majors allows them the right to cancellation or early termination of contract by giving sufficient notice period to PPB.</p> <p>Should early cancellation or termination occur, this risk could cause a loss of revenue to the Group.</p>	<ul style="list-style-type: none"> • Crews ensure that excellent service is rendered at all times for vessels on hire; • Maintenance of vessels to avoid vessel downtime as grounds for contract cancellation; • Establish good rapport with clients and end users; • Sufficient notification period to be obtained prior to early termination; and • Securing of new contracts to replace contracts that were earlier terminated.
<p>Bribery and Corruption Risk In Relation to Section 17A (Or Other Sections) of The Amended Malaysian Anti-Corruption Commission Act 2009 ("MACC Act")</p>	<p>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.</p> <p>This would impact the Group's reputation in the OSV industry besides heavy expenses incurred.</p>	<p>The Group adopts a zero-tolerance policy against all forms of bribery and corruption. PPB is committed to conduct business and operations to the highest ethical standards with integrity.</p> <ul style="list-style-type: none"> • Anti-Bribery and Corruption Policies and Procedures, Whistle Blowing Policy and Ethics and Code of Conduct are available on the Group website; • Inclusion of Section 17A in the risk registers of all departments within the Group; and • Continuous monitoring and assessment of potential situations of conflict.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

Risk Type	Description of Risk	Mitigation Strategies
<p>Interruption to Work Order Risk Associated with Future Pandemic Outbreaks</p>	<p>This refers to interruption of work orders (for vessel operations) issued by the authorities and/or clients should a future pandemic outbreak occur among vessel crews.</p> <p>Any halt to vessel operations will impact revenue generation and Group reputation.</p>	<p>The Group undertook all necessary health procedures and preventive actions as imposed by various regulators and business associates during the recent COVID-19 pandemic.</p> <p>PPB is ready to enforce and monitor similar health operating procedures again in compliance with regulations imposed by the Malaysian health ministry, should a national pandemic outbreak occur in the future.</p>
<p>Environmental, Social and Governance (“ESG”) Non-Compliance Risk</p>	<p>The Group is aware of new regulations imposed by various authorities and regulators for:</p> <ul style="list-style-type: none"> • Effective management of ESG risks and opportunities; • Having a concrete plan with strategies to drive ESG performance over the long-term; • Adopting key metrics to track and quantify the impacts of ESG initiatives; and • The compliance of new ESG regulations. <p>Non-compliance will risk the loss of potential Group revenue and even difficulty in securing lending facilities as increasingly more stakeholders such as clients and financial institutions place great importance on ESG in the conduct of business.</p>	<p>The Group is striving to:</p> <ul style="list-style-type: none"> • Establish a sustainability framework and undertake ESG reporting; • Understand regulatory requirements and enhance the Group’s ESG performance to align with the Group’s vision and mission; and • Compile data for ESG reporting and monitor the quality of data output that will ultimately assist in operational efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONTINUED)

FORWARD-LOOKING STATEMENT

The Malaysian OSV market is expected to register consistent growth for the financial year ending 31 December 2023 (“FY2023”) concurrent with the increase in offshore development, production operations and maintenance activities for the O&G sector, on the back of crude oil price recovery and resumption of charter projects which were earlier deferred and/or rationalised due to the COVID-19 pandemic.

The PETRONAS Activity Outlook 2023 – 2025 has projected a steady outlook for Malaysian offshore activities including an increase in drilling and development project activities. This augurs well for domestic OSV operators.

To expand PPB’s market for OSV charter services, the Group aspires to bid for regional projects in the upstream O&G market should prospects appear on the horizon. Business openings and potential partners will be closely monitored as PPB sets sights on new opportunities.

Buoyant sentiment in the OSV sector is expected to persist, albeit tempered by ongoing macroeconomic uncertainty and geopolitical tensions worldwide. Hence the Group is cautiously optimistic about its prospects for FY2023.

Save for the fleet renewal programme, PPB does not expect to undertake any corporate exercise nor major investments in FY2023.

Dividend Policy

No dividend was declared by the Board in FY2022. The Group has not established a dividend policy, given its journey towards business sustainability. Dividend distribution will be considered once annual profits return on a regular basis.

ACKNOWLEDGEMENTS

A congratulatory note to TEAM PERDANA comprising our marine crews, management and staff at the corporate office and members of the Board. I offer my deep gratitude for your teamwork and spirit that have returned the Group to the black, fresh from sailing upwind in the red last year. Giving your best has produced these positive results. Well done, everyone! We certainly need all hands on deck to sustain the lift generated in FY2022 for the coming year.

My appreciation again to the Chairman and the Board for their dedication to PPB and advice to this captain and crew as we steered the course of FY2022 to reach safe harbour. My gratitude also goes to our parent company Dayang for extending its unfailing support and reinforcing its strategic alliance with PPB every year.





The Group is fortunate to have a solid business circle of banks, financial institutions, regulatory authorities, clients and business associates to see us through challenging times and in prosperity to come. I acknowledge and thank all parties for their continued understanding and assurance to the Group.

And to all shareholders, I sincerely look forward to the years ahead when we will pay dividends for your patience and loyalty. Till then, TEAM PERDANA will intensify efforts to align for sustainability and growth by leveraging on our core capabilities and improved efficiency.

Jamalludin Obeng
Managing Director



SUSTAINABILITY REPORT

 <p>Environment</p>	<p>Electricity consumption ↓ 16.9%</p>	<p>Fresh & Bilge Water Management</p>	<p>Developing mechanism for tracking Scope 1, 2 and 3 CO₂ emissions</p>
 <p>Social</p>	<p>FY2022 Zero Lost Time Injury (LTI) man-hours</p>	<p>Accumulated 18.7 million LTI free man-hours</p>	<p>Training cost 74% Total man-hours spent 5,056 ↑</p>
 <p>Governance</p>	<p>Developing climate-related risks evaluation model</p>	<p>Adopted standard reporting frameworks</p>	<p>Developing ESG supply chain management</p>
 <p>Accolade</p>	<ul style="list-style-type: none"> • Appreciation from PETRONAS for excellent support in the completion of Bokor ESP Workover Campaign 2022 • Appreciation from Hibiscus Petroleum for the SEA Hibiscus Integrated TMM Campaign 2022 		

REPORTING FRAMEWORKS APPLIED

- Our Sustainability Reporting 2022 ("SR2022") 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 reporting period is from 1 January 2022 to 31 December 2022, also known as financial year ended 31 December 2022 ("FY2022"), 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 SR2022 is annually.

MEMBERSHIP IN ASSOCIATIONS

- We hold memberships in various 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) Malaysian Oil & Gas Services Council ("MOGSC")
 - 3) Malaysia OSV Owners' Association ("MOSVA")
 - 4) Malaysian Offshore Safety Taskforce ("MOST")

SUSTAINABILITY REPORT

(CONTINUED)

SUSTAINABILITY GOVERNANCE

Perdana’s approach to sustainability is focused on the three broad pillars of Environment, Social and Governance with 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.

SUSTAINABILITY FRAMEWORK

PILLAR	 Environment	 Social	 Governance
STRATEGIC FOCUS	<ul style="list-style-type: none"> • Climate Change • Natural Capital • Pollution &Waste • Environmental Opportunities 	<ul style="list-style-type: none"> • Human Capital • Stakeholder Engagement • Social Opportunities 	<ul style="list-style-type: none"> • Corporate Governance • Corporate Behaviour
MATERIAL MATTERS	<ul style="list-style-type: none"> • Energy Management • Water Management • Waste Management • Emissions Management 	<ul style="list-style-type: none"> • Fair Labour Practices • Community / Society • Diversity • Health & Safety 	<ul style="list-style-type: none"> • Anti-bribery & Corruption • Data / Customer Privacy • Supply Chain Management
UNSDG GOALS			

SUSTAINABILITY KPI SETTING, IMPLEMENTATION AND MONITORING

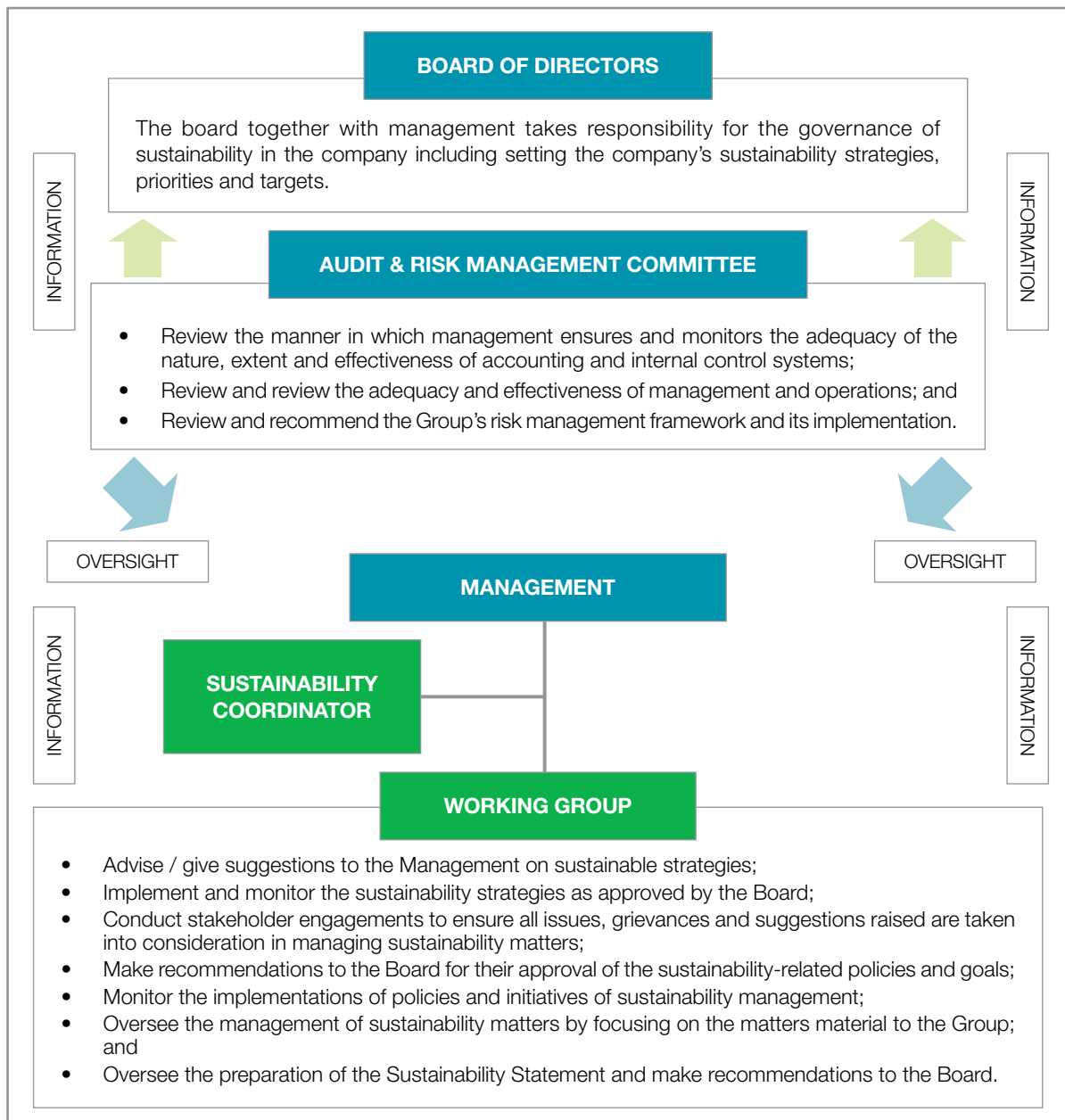
SUSTAINABILITY REPORTING

SUSTAINABILITY REPORT

(CONTINUED)

The Group has always believed that setting up a strong governance framework is the foundation to build a corporate culture that sets the tone for a vibrant and successful organisation. Accordingly, the Group has set up a sustainability framework, supported by appropriate organisational structure and policies for the successful implementation of the sustainability initiatives.

The Board is guided by the recommendations of MCCG 2021. The Board, together with management, takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets. Whenever applicable, the Board takes into account sustainability considerations when exercising its duties including, among others the development and implementation of company strategies, business plans, major plans of action and risk management. To facilitate the oversight of the Group's sustainability strategy, initiatives and programmes, the Board has set up this structure:



SUSTAINABILITY REPORT

(CONTINUED)

The Group’s approach to sustainability is premised on three elements of:

- Material Assessment
- Stakeholders’ Engagement
- Sustainability Supporting Policies and Guidelines

ASSESSMENT OF MATERIAL MATTERS

The Group understands that assessment of material matters is pertinent towards the Group’s sustainability initiatives so that key risks and opportunities are identified, and appropriate plans can be designed for implementation accordingly.

As a reference point, we had taken note of Bursa Malaysia’s guide on materiality matters to be assessed, as well as the Group’s own in-depth materiality assessment exercise. We recognise the need for regular material matters review in view of the dynamically evolving ESG landscape.

MATERIALITY MATRIX

Impact to Stakeholders	High		<ul style="list-style-type: none"> • Data / Customer Privacy 	<ul style="list-style-type: none"> • Anti bribery & Corruption • Emissions • Energy Management • Health & Safety • Labour Practices • Supply Chain Management
	Medium		<ul style="list-style-type: none"> • Community & Society • Diversity • Waste Management 	<ul style="list-style-type: none"> • Water Management
	Low			
		Low	Medium	High
Impact to Business				

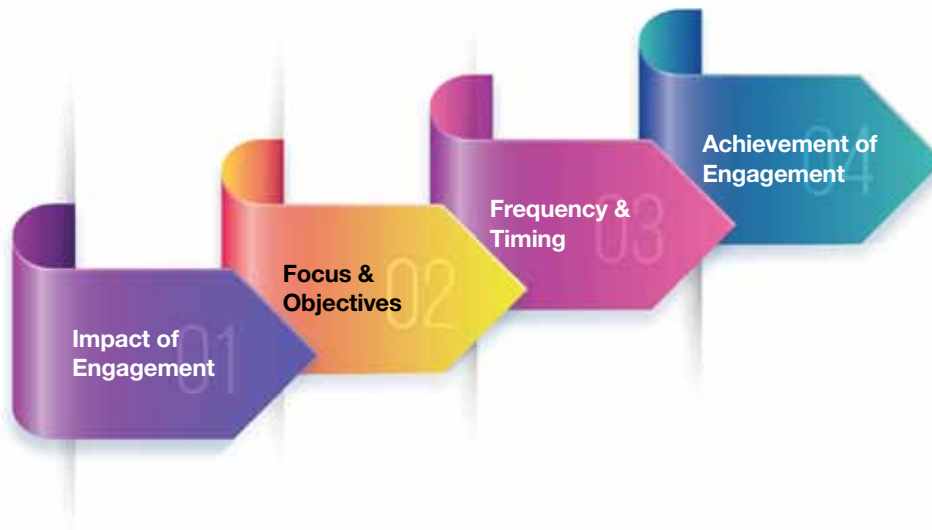
SUSTAINABILITY REPORT

(CONTINUED)

STAKEHOLDERS' IDENTIFICATION & ENGAGEMENT

The Group has developed and integrated sustainability as a core component in our business decision and strategy. Hence, we value and recognises six key stakeholder groups whose impact are directly or indirectly impacted by our value creation activities and therefore an important part of the overall sustainability of the Group. We are in constant engagement and communication for feedback and fine tuning to enhance value creation for all parties.

Our engagement with stakeholders is based on four basic precepts:



The table below provides an overview of these stakeholders.

Stake Holder Group	Engagement Approach	Engagement Focus & Objectives	Planned Frequency	Initiative	Achievement
Customer	1) Health Safety & Environment ("HSE") Assurance Audit: <ul style="list-style-type: none"> HSE Internal Audit Oil majors' audit 	<ul style="list-style-type: none"> Verify the Group's HSE compliance, Standard Operation Procedures quality management and assurance. Verify the self-assessment based on Offshore Vessel Management and Self-Assessment ("OVMSA") platform. 	Twice a year and update when new rules take effect.	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.	Compliance to the requirements of <ul style="list-style-type: none"> ISM Standard PETRONAS

SUSTAINABILITY REPORT

(CONTINUED)

Stake Holder Group	Engagement Approach	Engagement Focus & Objectives	Planned Frequency	Initiative	Achievement
Customer	2) Engagements with the oil majors, customers and logistics by way of remote participation (electronic meeting) and offshore or onshore	Corresponding on operational issues.	Each project kicks off meeting and progress meeting held by end-user with contract holder.	Participation in customers' operational meeting by way of remote participation.	Detailed progress and issue solved within the time frame given by end-user without down time and jeopardize the contract requirement.
	3) Launching of HSE Campaign by the oil majors and clients which includes the below: <ul style="list-style-type: none"> • Mental Health is Wealth • Zero Incident & Zero Accident 	Cascading the HSE related incidents & its mitigation plan.	As and when is required.	<ul style="list-style-type: none"> • Participation in HSSE engagement with customers and end-user. • Provide awareness and enforcement on the safety precautions implementation to the crews. 	<ul style="list-style-type: none"> • Sustaining of collaboration within the industry on all issue pertaining of hazard identification within the industry. • Enhanced and concentrated campaign done to awareness of all industry player and frontline.
	4) Monthly Operational Meeting	Sharing session on HSSE matters and its implementation progress.	Monthly and as and when is required.	<ul style="list-style-type: none"> • Issues highlights and mitigation plan. • Updates of new changes and progress. 	Improvement of procedures and compliance to the latest regulation.
	5) Ad-hoc Meeting, solving of ad-hoc operational issues remotely and physically	Updates of development & mitigation plan.	Daily and as and when is required.	Discussion on project deadline, action items, expenses approvals, deliverables, and scheduling of internal resources.	Smooth work progress and completion of each project within the work scope.

SUSTAINABILITY REPORT

(CONTINUED)

Stake Holder Group	Engagement Approach	Engagement Focus & Objectives	Planned Frequency	Initiative	Achievement
Employees	1) Fleet Management: a. Top Management Visit b. Superintendent ship visit by Operation/ Technical / HSE Superintendent	Sharing & bonding between the management, employees & crews. Perform conditional vessels' inspection and office – shore engagement session.	3 vessels per year Once/ Twice a 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.	<ul style="list-style-type: none"> Bonding Awareness of Group progress Workplace's safety awareness
	c. Launching of Safety Campaign by HSE: <ul style="list-style-type: none"> Workplace Safety Monsoon Season Slips, Trips & Falls 	Cascading of HSE incident lesson learnt & mitigation plan.	Quarterly	Regularly sharing of lesson learnt from incidents and safety alerts	Workplace's safety awareness
	d. Crewing: job related specific training programmes	To meet the rules and regulations and customers' requirements	As and when required	Training provided	Career advancement
	e. Accident rate monitoring	Safety awareness	Monthly & as and when required	Monitoring system in-placed	Reduce downtime

SUSTAINABILITY REPORT

(CONTINUED)

Stake Holder Group	Engagement Approach	Engagement Focus & Objectives	Planned Frequency	Initiative	Achievement
Employees	2) Office Management: <ul style="list-style-type: none"> • Events such as annual dinner, festival season celebrations, thematic celebration and etc. • Town hall session • Whistle Blowing policy and procedures in-placed. • Management meetings • Job level specific training programmes • Circular of internal policies of company's updates 	<ul style="list-style-type: none"> • Corporate direction and growth plan • Job Security • Workplace health and safety • Labour and human rights 	As and when required.	<ul style="list-style-type: none"> • Town hall sessions • Annual Dinner • Appreciation lunch for long services employees • Review of policies and benefits • Training need analysis 	<ul style="list-style-type: none"> • Enhanced employees' satisfaction; • Higher employees' morale; • Enhanced innovation and creativity; • Improve productivity; and • Improved employees' well being.
Suppliers	<ul style="list-style-type: none"> • Code of Ethics ongoing in line with company's policy • Quotation comparison • Supplier Evaluations • Review of suppliers' profile 	Pricing competitive and vendor performance on stock sourcing and delivery.	Daily and as and when is required	<ul style="list-style-type: none"> • Proper procurement system to meet the operation needs. • Suppliers' evaluation conducted 	<ul style="list-style-type: none"> • Enhanced working relationship • Enhance supply chain resilience; • Improved supplier performance; and • Cost savings and operational efficiency.

SUSTAINABILITY REPORT

(CONTINUED)

Stake Holder Group	Engagement Approach	Engagement Focus & Objectives	Planned Frequency	Initiative	Achievement
Regulators	Compliance with Statutory Requirement of: <ul style="list-style-type: none"> • Malaysia Marine Department • Classification Societies • Department of Occupational, Safety & Health (DOSH)/ Department of Environmental (DOE) • Oil Major – Petronas, Shell and others • Bursa Malaysia Securities Berhad • Securities Commissioner • Bank Negara Malaysia • Companies Act 2016 • Labuan Financial Services Act • Others 	Compliance with the relevant requirements.	Yearly routine and as and when is required	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Compliance to the safety manning manual and trading and operational requirement to operate the vessels. • Compliance to oil major requirement to enter bidding for contract.
Media	Timely Bursa announcements, analyst briefing, social media coverage.	Quarterly and as at when required.	New developments for public knowledge.	<ul style="list-style-type: none"> • Announcements and reports are made on timely basis. • Announcements of contracts awards. 	<ul style="list-style-type: none"> • News coverage by medias and analysts. • Compliance to listing requirement. • Provide confidence to investors and shareholders.

SUSTAINABILITY REPORT

(CONTINUED)

Stake Holder Group	Engagement Approach	Engagement Focus & Objectives	Planned Frequency	Initiative	Achievement
Community	Participation / engagement with the <ul style="list-style-type: none"> Malaysia Offshore Vessel Association ("MOSVA") Malaysia Offshore Safety Task force ("MOST") Malaysia Ship Owner Association ("MASA") Malaysia Oil & Gas Service Council ("MOGSC") 	Social requirements and specific feedback on programmes.	Routine Engagement or as and when is required.	Meetings and correspondences	Active participation together with all other vessel owner to protect and preserve the interest of Malaysia Owner in local O&G industry.

SUSTAINABILITY SUPPORTING POLICIES AND GUIDELINES

In order to achieve our sustainability goals, the Group recognises the need for sound underlying policies to support the sustainability efforts. We have, where possible, ensure that all policies, and guidelines would help support the sustainability initiatives and practices. Some of the policies are indicated as below:

SUSTAINABILITY POLICY supported by:		
Environment	Social	Governance
Water Management	HSE Policies	Board Charter
Waste Management	HR & Admin Policies	Business Ethics
HSE Policies		Fit & Proper Policy
		Whistle Blowing Policy
		Personal Data Processing Policy

The policies and guidelines are regularly reviewed to ensure they are current and relevant to the changing business and operating environment.



ENVIRONMENT

UNSDG GOALS



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.



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 GHG reduction of electricity consumption, use of low sulphur content fuel, amongst others.



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.

ENVIRONMENT MANAGEMENT

Perdana is aware of the impact of climate change and fully subscribe to Malaysia's National Policy on Climate Change which is to ensure climate-resilient development to fulfil national aspirations for sustainability. The Group is committed to environment management as one of the key initiatives towards managing and mitigating the adverse effects of climate change. Our operational approaches follow the standards and protocol of the various bodies / organisations that guide the industry.

We are members of the following organisations:

- 1) Malaysia Shipowners' Association ("MASA");
- 2) Malaysian Oil & Gas Services Council ("MOGSC");
- 3) Malaysia OSV Owners' Association ("MOSVA"); and
- 4) Malaysian Offshore Safety Taskforce ("MOST")

SUSTAINABILITY REPORT

(CONTINUED)

GREEN HOUSE GAS (GHG) EMISSIONS

The Group's Operations department had started to record and monitor GHG Scope 1 and Scope 2 emissions through collation of data from respective sources. The Group is currently developing its recording and monitoring system to cover Scope 3 emissions. In this respect, we are identifying and categorising the various groups of products and services purchase and used by the various divisions in the Group.

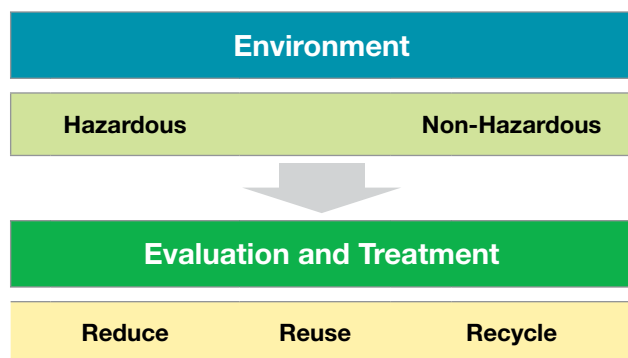
As part of managing emissions, all our vessels and related equipment have undergone scheduled maintenance, testing and repair works on a periodic basis as per the International Convention for the Prevention of Pollution from Ships ("MARPOL") convention. To minimise unduly high level of emissions, we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

The Group is continually reviewing the age of our fleet with a view to renew our vessels, as a major step forward in reducing emissions from our OSV. New vessels design would prioritise the reduction of CO₂ emissions.

As part of our ongoing effort to manage and reduce emissions, we continually explore, adopt, and manage initiatives that are appropriate, to help reduce CO₂ emissions.

WASTE MANAGEMENT

The Group is committed to reducing pollution and minimise wastage and unnecessary consumption. The Group adopts the following broad approach in its waste management policy:



The Group is mindful of the need proper treatment and disposal of waste for protection of the environment. Hazardous wastes are evaluated as to their toxicity and nature. They are then treated / disposed according to the required protocol and procedures.

Non-hazardous wastes are also evaluated and categorised accordingly for treatment and disposal, according to nature and type of waste.

Wastes are segregated and classified as hazardous or non hazardous waste. The concept of the 3R's principles:

- Reduce – reduce consumption and cut down on unnecessary usage;
- Reuse – where possible, items purchase should be reusable, such as single use cups are being phased out; and
- Recycle – where applicable, waste is sent to recyclable centres for future usage.

These principles are embedded in the Group's general approach to 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, with the following practices:

- segregation of waste on board
- special care for hazardous waste
- scrap of unused equipment and material at proper recycle centre
- reducing waste in operation and maintenance process

To further enhance the waste management process, the following proposals are in progress:

- Set of policy on waste management
- Waste management campaign by scope

• **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, packed and segregated properly before being sent to shore for disposal in accordance with the MARPOL regulation.

SUSTAINABILITY REPORT

(CONTINUED)

Paper Reduction Initiative

Where possible, it is the Group’s philosophy to reduce usage of materials. In tandem with minimising the impact of attrition of the forests, the Group adopted a paper reduction initiative. The Group’s information storage and transactions are performed electronically, whenever possible.

WATER MANAGEMENT

The Group’s focus on water management is impacted by the 2 UNSDG goals of:

- a. Availability and sustainable water management of water and sanitation for all; and
- b. Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

Accordingly, the Group’s efforts on water management are focussed on:

Usage and Consumption of Water

Recognising that water is a scarce commodity, we tracked and monitor the volume of water usage on board. Our vessels are equipped with water maker for daily operation usage. We are developing a monitoring system to track water generated by our vessels on a daily basis with a view to further improve on cost savings. Fresh water is subject to lab tests, safe for consumption to protect our crews.

Bilge Water Management

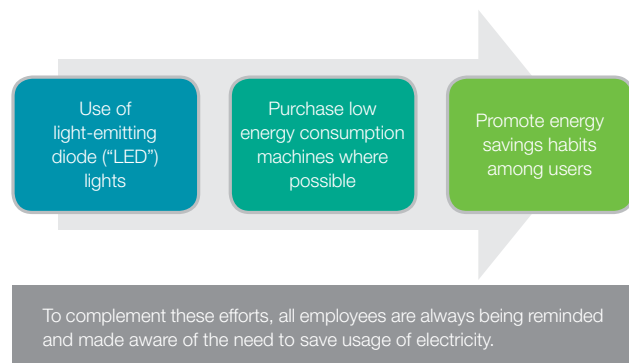
We implement various measures to manage bilge water quality through 15ppm oil-water separators to make sure bilge water is clean enough to be discharged to the sea.

Ballast Water Management

Recognising the need to play our role to 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. We reiterate to our charterer on the adherence to standards and protocol advocated by the respective bodies.

ENERGY MANAGEMENT

Our energy consumption is electricity. Where possible, we have enhanced and implement additional further action steps to reduce our electricity consumption.



Energy Consumption

There is a slight decrease in our electricity consumption in 2022, mainly due to more conscious efforts of all concerned.

	FYE 2021	FYE 2022	Variance (%)
Usage (kWh)	116,769	96,995	(16.9)

Note: Data available from 2021 onwards only as earlier, we were sharing premises with another company

The Group is continually looking at various measures to further reduce electricity consumption, including:

- Optimal temperature setting for air conditioning; and
- Escalation of the use of LED lighting.

SUSTAINABILITY REPORT

(CONTINUED)



SOCIAL

UNSDG 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. From the experience of the COVID-19 pandemic, we have implemented various measures and able to promote a safer working environment.



Achieve gender equality and empower all women and girls.

We practice no discriminatory policies against women in hiring and promotions.



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. We practice fair labour standards and believe in diversity.



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.

SUSTAINABILITY REPORT

(CONTINUED)

We view our employees as partners in our sustainability journey; they are core to our value creation and the Group appreciates and values the human factor. The Group’s strategy is to prepare our Group’s employees for the rapidly changing demands in the dynamic 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 the areas of enhancing performance management, leadership development, succession planning and employee capability building. This transcends to all levels of the organisation in partnership with our leaders, business managers and operation teams, to support our business priorities and growth strategy. Accordingly, the Group adopts a four prong approach towards developing and managing our human capital.



WORKPLACE MANAGEMENT

Building a conducive working environment is essential towards building a cohesive workforce, which in turns transforms into a major contributor to the success of our sustainability journey. We believe that our initiatives should be focused on securing the long-term sustainability of our human capital, namely our employees. The Group believes in providing opportunities for nurturing and developing talent as human capital is one of the key success factors towards a progressive organisation.

organisation, generally have better mix of talents and able to generate more options towards problem solving. This would enhance the depth of discussions and can promote innovation and creativity due to the richness in background of the different cultures.

The Group focus on the employees having the right mindset and this should be underpinned by a code of conduct which then forms the Group’s corporate culture and dealings with our clients and other stakeholders.

• **Workplace Diversity**

The Group has all along subscribes to the view that of the advantages of having a diverse pool of employees who can contribute unique viewpoints based on their own contexts and backgrounds. Organisations, where diversity of age, gender, ethnicity, religion and cultural backgrounds are represented at each tier of the



SUSTAINABILITY REPORT

(CONTINUED)

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. Where applicable, new recruits would be exposed into various areas of operations for them to obtain a more integrated view of the Group's operations and business.

ii. Operations

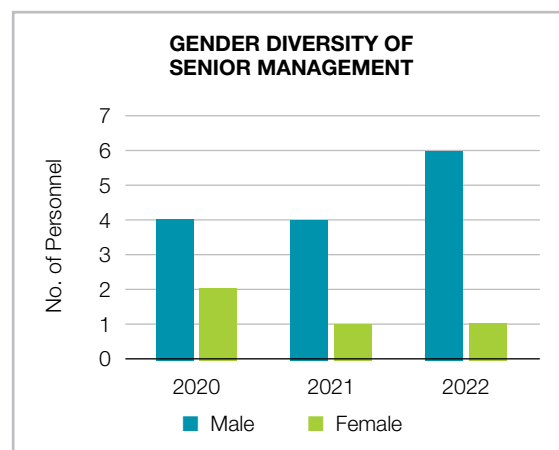
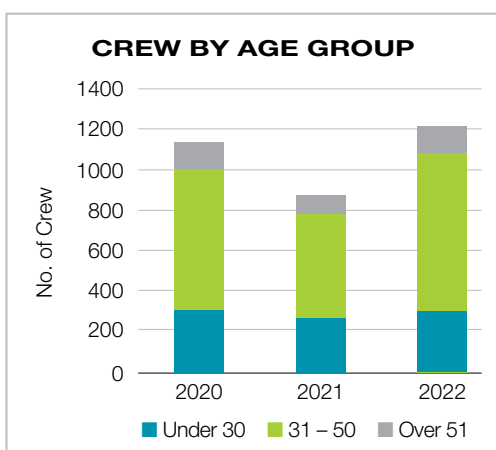
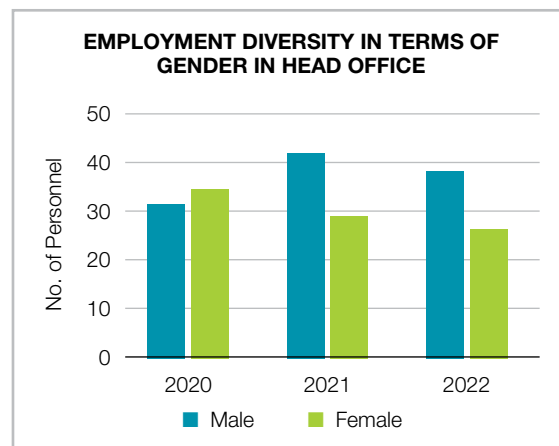
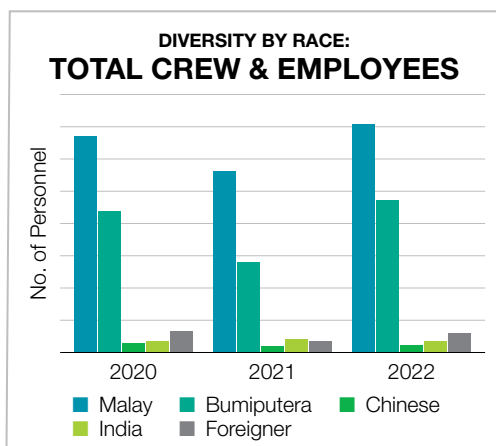
The Group's operational workforce are guided by the various industrial guidelines and our own Code of Conduct and Code of Ethic. The Group practises fair employment policies. There are regular employee engagement activities, for effective dialogue and communication, reported under Employee Engagement.

The Group has a well-balanced offshore workforce in terms of age, with the majority at the 31-50 years old bracket. This augurs well as there is a balance of experience and age.

Women Empowerment at Management Level

Recognising the Government's stance on gender diversity, Group's gives equal opportunities for women to participate in management of the Group. We understand that women in management may face unique organisational, societal, structural, and cultural hurdles. Therefore, the Group takes effort to identify talent and nurture the personal and professional development of women in the business environment.

The proportion of women employed in Head Office has improved, though participation at Senior Management has not reached the intended level.



SUSTAINABILITY REPORT

(CONTINUED)

• **Staff Welfare**

The Group recognises that employees have to be motivated for higher efficiency and productivity, as well as lower attrition rates. Employees who are motivated and possess high morale are likely to be loyal and thus reduce staff turnover.

To ensure that our employees' morale is high, there must be an environment where employees feel free to report on any anomalies and feel that they are protected and free from any repercussions. The following key policies have been put in place:



Welfare development is an important element in securing the sustainability of our human capital. As part of staff welfare, the Group extends the following benefits to staff:

- Meal programmes
- Education aid of study leave before examination
- Medical insurance cover employee and its immediate dependents
- Thematic celebration during festive season

WORKPLACE SAFETY AND HEALTH MANAGEMENT

Safety and health management is paramount to the Group, as any loss time due to sickness and injuries can translate into loss time and financial loss. Given the COVID-19 pandemic since early 2020, as the country steered to the endemic stage earlier part of the year, the Group has taken valuable steps to enhance safety and health management procedures. Many of the procedures are now formulated into our operational guidelines.

The Group's health and safety are governed by the Health, Safety and Environment ("HSE") Department.

The Group has invested substantially on Health & Safety training programmes as noted below.

Whistle Blowing Policy	Employee Handbook
<p>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.</p>	<ul style="list-style-type: none"> • Harassment Our Employee Handbook defines the nature of harassment and stipulates our zero-tolerance position towards any form of harassment against our employees. • Grievance Mechanism This provides a step-by-step guide for employees when reporting grievances and seeking redress for any harm suffered.

• **Lost Time Injury**

For FY2022, the Group is proud to announce that there were zero Loss Time Injury ("LTI") cases and a total of 1,813,986 LTI-free manhours.

The following table shows our accumulated Key Safety Performance:

	2020	2021	2022
LTI-Free Man Hour	1,909,930	1,610,647	1,813,986
Accumulated LTI-Free Man Hours	15,376,370	16,987,017	18,866,645

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

SUSTAINABILITY REPORT

(CONTINUED)



Participated in Monsoon ZIZA Campaign by PETRONAS

• **Health & Safety Campaigns**

During the year, HSE launched the following Safety Campaign:

Campaigns by the Group	Campaigns in collaboration with Customers / Oil Majors
Slips, Trips, and Falls	Mental Health is Wealth
Workplace Safety	Zero Incident & Zero Accident ("ZIZA") Campaign
Monsoon Season	

With the COVID-19 behind, the Group is still mindful of the need to be vigilant of any contingencies and its impact. Many of the procedures set-up to contain and mitigate the risks of COVID-19, where applicable, are place for a stringent HSE framework.

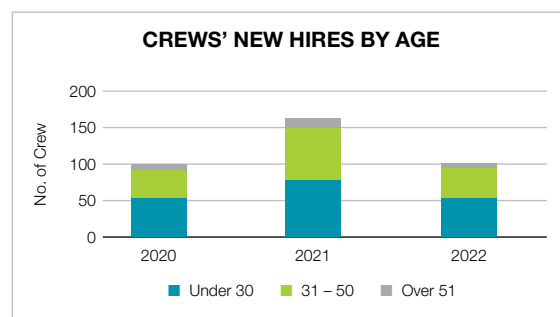
TALENT MANAGEMENT

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.

• **Recruitment**

The Group pursues an active recruitment policy to fulfil its manpower requirements and also to expand the talent pool by giving opportunities to those never employed before with a view to help them gain a foothold in the marine industry.

There has been active recruitment in 2021 and 2022 as the year 2020, as the country emerged from the COVID-19 pandemic.



• **Training & Development**

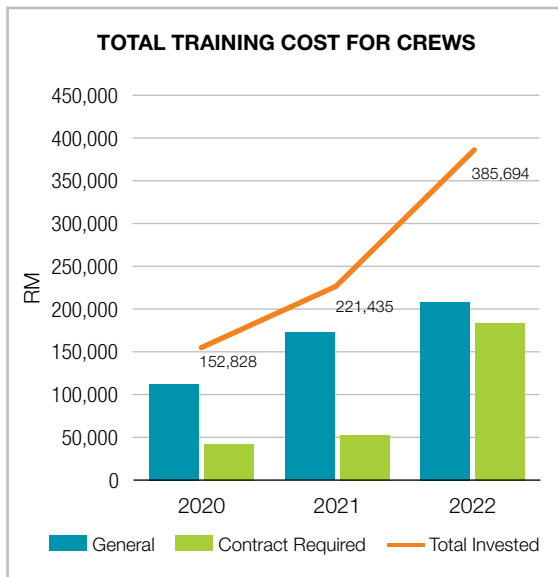
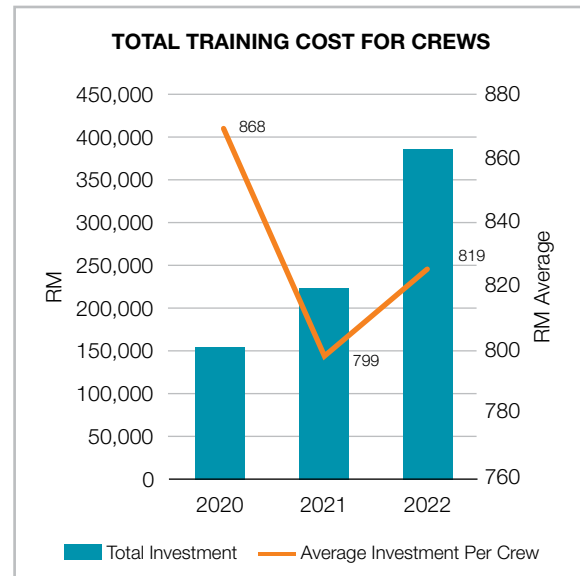
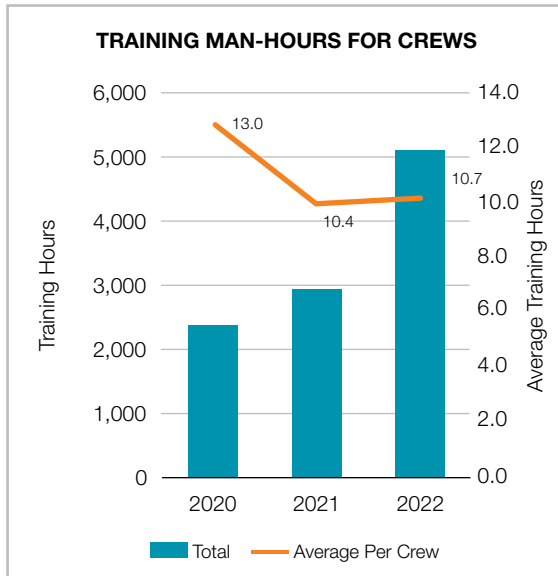
The Group believes in nurturing talent, to enhance the technical and other competencies and skills. The Group invests in training and development, in tandem with the changing business environment and the needs of the Group.

Programmes were undertaken for the crews for job requirement and talent development and nurturing, and are divided by themes:

- Tropical Further Offshore Emergency Training + Compressed Air Emergency System
- Tropical BOSIET With EBS & Travel Safely By Boat + Compressed Air Emergency System
- Hydrogen Sulphide Safety
- Helideck Assistant
- Helideck Emergency Response Team Member
- Rigger (API)
- Helideck Radio Operator
- Designated First Aider
- Helicopter Landing Officer
- Banksman
- Designated Security Duties

SUSTAINABILITY REPORT

(CONTINUED)



In line with the Group’s philosophy on training, there has been significant increase in the training expenditure in FY2022, both in terms of value and hours. This reflects the Group’s seriousness to place value and invest in human capital.

EMPLOYEES ENGAGEMENT

The Group recognises the need for open communication and dialogue with its employees. 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.

Further details of the engagement program please refer to page 37 and 38 of this report.

SUSTAINABILITY REPORT

(CONTINUED)

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.

We have donated to the Free Tree Society and had the awareness workshop on Plant a Tree, Save the World. This society's moto is empowering people to preserve, conserve and save our environment.

The takeaway of the Company includes the below:

- Learn the science, impacts and solutions to the climate crisis;
- Bond over plants, doing good for the planet, and boost our environmental cred; and
- Walking the talk on carbon neutrality through sustainability practices including solar energy and composting.





GOVERNANCE

UNSDG GOALS



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. We practice fair labour standards and believe in diversity.



Strengthen the means of implementation and revitalize the global partnership for sustainable development.

We are actively in engagement with our stakeholders to work on the sustainability agenda. We are members of MOSVA, MOGSC, MASA and MOST, and our operational approach are guided by their standards and protocols.

CORPORATE GOVERNANCE

The Group aligns its Board structure with the recommendations of Malaysian Code of Corporate Governance 2021 (MCCG 2021). In tandem with this, Board of Directors has in place, various Board Committees, namely the Audit and Risk Management Committee (“ARMC”), and Nomination Committee (“NC”) and Remuneration Committee (“RC”), to assist the main Board in overseeing various specific areas to facilitate effectiveness of corporate governance. This is supported by a risk management framework.

To promote transparency and facilitate better governance, the Group, together with the Board has the following in place:

- **Board Charter**

The Charter sets out the framework to assist the Board to provide strategic guidance to the Group and effective oversight of its Management. The framework adopts principles of good corporate governance and is designed to maximize the Company’s compliance with best practice requirements. It also outlines the manner in which the Board discharges its responsibilities in pursuit of the Company Goals and objectives.

- **Fit and Proper Policy**

The Group is guided by Practice 5.5 of the Malaysian Code on Corporate Governance 2021 where the appointment of Directors of the Company and its subsidiary companies as well as senior management are to be based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

The purpose of the Fit and Proper Policy for Key Responsible Persons (“Policy”), is to set out the Company’s approach to the assessment of the fitness and propriety of persons who hold, or who are to be appointed or elected to, a Key Responsible Person positions.

- **Personal Data Processing Policy and Guidelines**

The Group has in place a Personal Data Processing Policy and Procedures which is prepared in accordance with the requirements of the Personal Data Protection Act 2010 (the “Act”). It sets out the policies and procedures of the Group with regard to personal data, agreement to the usage, processing of personal data and management of personal data gathered.

SUSTAINABILITY REPORT

(CONTINUED)

ETHICS MANAGEMENT

The Board subscribes to the point that ethical practices must transcend to all areas of operations and transactions in the Group. Ethical practices are operationalised through two main levels:

i. Leadership ethics

The Board adopts a top-down tone approach for our business management and operations. The Board believes in leadership by example and takes ownership by having 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

The Group has set out a Code of Ethics Policy as well as the Anti-Bribery and Corruption Policy, to guide all employees. This provides clarity and promote high standards of business ethics.

• **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 corruption. The Group has a stringent selection process for vendors.

In line with enhancing our sustainability efforts, we include an assessment on suppliers' compliance with environmental and human management sustainability and this would form part of the Group's sustainability policies for procurement.



SUSTAINABILITY REPORT

(CONTINUED)

ACCOLADES AND APPRECIATION NOTES

We were accorded the PETRONAS’s appreciation notes to our subsidiary, Intra Oil Services Berhad, for excellent support in completion of Anchor Handling and Supply Vessel and Accommodation Work Barge.

Our subsidiary, Perdana Nautika Sdn Bhd received a plague from Hibiscus Petroleum, for recognition on outstanding accomplishment and services for SEA Hibiscus ‘Integrated TMM Campaign’.

THE WAY FORWARD

The COVID-19 pandemic experience of 2021 had given valuable insights on to management of health and safety issues, and the Group had implemented relevant procedures and process in place, thus strengthening the Group’s policies and procedures in this area. Thus, the Group is well placed to mitigate potential risks from this area.

Moving on, the Group is aware of the impact of climate change on the environment and consequent impact on business and operations. Supply chain and business operations could be impacted. The Group would develop a sustainability analysis model based on TCFD recommendations to help better prepare for climate-related risks. Complementing this would be developments of better systems in the areas of emission tracking, water management supply chain management.

The Group will continue to fine tune and align its sustainability approach with its business strategies.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the “Director” or “Board”) of Perdana Petroleum Berhad (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 2022 (“FY2022”) 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 Group.

Practice 5.3 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

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 comprised of 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 recognises the value of a lady member of the Board.

The diversity in terms of 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	83	Indian & Chinese	17
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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

THE BOARD OF DIRECTORS (CONT'D)

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 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 FY2022.

During the FY2022, the Board met seven (7) times and the attendance records of the present Board members are as follows:-

Name of Directors	Attendance
Datuk Dr Abd Hapiz Bin Abdullah	7/7
Datuk Selva Kumar A/L Mookiah	6/7
Cik Ruziah Binti Mohd Amin	7/7
En Zakaria Bin Kasah	7/7
Mr Chin Chee Kong	7/7
Datuk Hasmi Bin Hasnan	5/7
En Jamalludin Bin Obeng	7/7
En Alias Bin Mat Lazin	7/7
Ms Emily Hii San San (<i>Alternate Director to Datuk Hasmi Bin Hasnan</i>) (<i>Resigned on 24 March 2022</i>)	0/7
Mr Chen King Yu (<i>Alternate Director to Datuk Hasmi Bin Hasnan</i>) (<i>Appointed on 12 April 2022 and resigned on 7 July 2022</i>)	2/7

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

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 FY2022, the Directors have individually or collectively attended the following as set out below:

- Hong Leong Bank Sustainability Roundtable – The Chemical Manufacturing Industry: Its Environmental & Social Risks and Opportunities
- Corporate Governance Guide 4th Edition: Rise Together by Malaysian Institute of Corporate Governance
- MIA Corporate Board Leadership Symposium 2022 Mastering Governance in the era of ESG
- FMM webinar – Transitioning towards Sustainability Agenda
- Navigating through the evolution of Corporate Governance with the introduction of Tax Corporate Governance Framework, KPMG webinar
- Petrochemical Sustainability Conference, Malaysian Petrochemicals Association
- Khazanah Megatrends Forum 2022, Development and its complexities, steering our way through a perfect storm
- Sabah Oil, Gas & Energy Conference & Exhibition
- Sarawak Oil & Gas Services & Equipment Roadshow
- PETRONAS – ESG and Sustainability: A Dialogue with Partners
- Online Tea Talk Series: The Risk Manager's Quick Guide to ESG
- Bursa – PLC Transformation (PLCT) Launch of Guidebook 3
- IMO-Norway Green Voyage 2050 Malaysia Pilot Key Stakeholder Roundtable
- Kuala Lumpur Oil & Gas Services & Equipment Roadshow
- PETRONAS – 2022 Monsoon ZIZA Campaign
- Society of Petroleum Engineers Symposium: Production Enhancement and Cost Optimisation
- RINA - 7th Annual Indonesian Advisory Committee Meeting
- Anti Bribery & Corruption Awareness Training
- MIM Crucial Conversations: Accelerating Sustainability for Corporate Malaysia
- The Iclif Executive Education Center (TIEEC) - Talk on Steward Leadership for Sustainability
- Farrant Group - Webinar discussion with United States 70th Secretary of State
- TIEEC - Assessing your organization culture
- AIMST University – A talk on 'IR 4.0': Preparing and Adapting to a New World
- Inns of Court Malaysia - Judicial Management and Corporate Rescue: Balancing the Rescue of Distressed Companies and the Rights of Creditors
- Securities Commission Malaysia – Securities Commission Malaysia Audit Oversight Board Conversation with Audit Committees
- Accelerating Sustainability for Corporate Malaysia
- PLCT Programme- Guidebook 3 Highlights

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

THE BOARD OF DIRECTORS (CONT'D)

Directors' Training and Education (Cont'd)

During the FY2022, the Directors have individually or collectively attended the following courses / seminars set out below (cont'd):

- Top Sustainability Trends and Its Impact on Board and C-suite
- Audit Oversight Board's Conversation with Audit Committees
- Online Tea Talk Series: The Risk Manager's Quick Guide to ESG
- PLCT Programme – Guidebook 3 Highlights
- Conversation with Audit Committees – Session 1
- MIM Crucial Conversations: Accelerating Sustainability for Corporate Malaysia
- Building Towards a Corrupt-free Nation organized by MIM
- Industrial And Commercial Bank of China (Malaysia) Berhad (In-house): Anti-Money Laundering/ Counter Financing of Terrorism (AML/CFT)
- Industrial and Commercial Bank of China (Malaysia) Berhad: IT Security Briefing
- JC3: Measuring Portfolio Alignment to Climate Scenarios and Climate Transition Stress Testing
- JC3: Implementation and Application of Climate Change & Principle-based Taxonomy (CCPT)
- MIA: The Principles and Methodology of Task Force on Climate Related Financial Disclosures (TCFD) in ESG Reporting
- Bursa Malaysia: Building Experience in Climate – related Financial Reporting
- UN Global Compact Network: SBTi Symposium: Demystifying Urgent Actions for 1.5c Pathway
- JC3: The Power of ESG Data
- KPMG: 2022 Board and Audit Committee Priorities
- JC3: Implementation of TCFD
- MICPA-KPMG: Supercharge ESG Ambitions with Technology
- MICPA: Environmental, Social and Governance in Financial Reporting
- Securities Commission: Audit Oversight Board Conversation with Audit Committees
- KPMG: 2022 MFRS Update Seminar
- MIA: Investment Incentives in Malaysia under the Income Tax Act 1967 and the Relevant Public Rulings

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. For FY2022 there were no new appointments made.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

THE BOARD OF DIRECTORS (CONT'D)**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 is comprised 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.

Re-appointment and Re-election of Director

The Constitution of the Company provides 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 provides 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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

THE BOARD OF DIRECTORS (CONT'D)

Board Committees (Cont'd)

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	Member	Member
Zakaria Bin Kasah	Member	Chairman	Member
Datuk Selva Kumar A/L Mookiah	Member	Member	Member

Directors' Remuneration

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

The details of the remuneration of the Directors of the Company for the FY2022 are as follows:

Director	Fees/ Allowance	Meeting Allowance	Salary	Benefits-in-kind	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Jamalludin Bin Obeng	–	–	840.0	101.8	941.8
Alias Bin Mat Lazin	108.0	–	–	13.0	121.0
Datuk Dr Abd Hapiz Bin Abdullah	120.0	4.0	–	–	124.0
Datuk Selva Kumar A/L Mookiah	72.0	9.0	–	–	81.0
Ruziah Binti Mohd Amin	72.0	9.5	–	–	81.5
Zakaria Bin Kasah	72.0	9.5	–	–	81.5
Chin Chee Kong	72.0	9.5	–	–	81.5
Datuk Hasmi Bin Hasnan	–	3.0	–	–	3.0
Emily Hii San San <i>(Alternate Director to Datuk Hasmi Bin Hasnan) (Resigned on 24 March 2022)</i>	–	–	–	–	–
Chen King Yu <i>(Alternate Director to Datuk Hasmi Bin Hasnan) (Appointed on 12 April 2022 and resigned on 7 July 2022)</i>	–	1.0	–	–	1.0

Save as shown above, there was no other remuneration paid to the above Directors at the Group level in FY2022. The Directors of the subsidiary companies are not paid remuneration by the subsidiary companies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

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 and Senior Management are evaluated on their understanding in deepening board focus and directing appropriate attention to various Environmental, Social and Governance areas, which can supplement the full board's oversight of how these matters are integrated into strategy, talent and risk management. The Board and Senior Management were satisfied with its performance in addressing the sustainability issues of the Group.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

ACCOUNTABILITY AND AUDIT (CONT'D)**Internal Control (Cont'd)**

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

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

Audit and Risk Management Committee

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

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

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

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

ACCOUNTABILITY AND AUDIT (CONT'D)**Effective Communications with Shareholders (Cont'd)**

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

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

To promote wider dissemination of corporate and financial information that is made public, the annual reports of the Company, the quarterly announcements of the financial results of the Group, announcements and disclosures made pursuant to the disclosure requirements of the Bursa Securities'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 2022, the Directors have applied appropriate and relevant accounting policies consistently and in accordance with applicable accounting standards and made judgements and estimates that are reasonable and fair.

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

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

ADDITIONAL COMPLIANCE INFORMATION

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 2022.

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

As of 31 March 2023, a total of 1,439,714,842 RCPS which represents 98.34% 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 2,218,185,791 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 2022 is as follows:

	Group (RM'000)	Company (RM'000)
Audit Fee	253	70
Non-Audit Fees:		
Tax Fee	489 #	18
Other Fees	11	11
Total	753	99

Note:

This comprises of tax fee incurred for tax audit consulting services for subsidiaries.

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 2022 other than the related party transaction with Dayang Enterprise Sdn Bhd for the chartering of vessels which has been disclosed in Note 26 of the audited financial statement for financial year ended 31 December 2022.

4. Variation in Results

There was no material variances between the audited results for the financial year ended 31 December 2022 and the unaudited results previously announced.

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 way in which Management ensures and monitors the adequacy and effectiveness of the accounting and internal control systems;
- To examine and review the adequacy and effectiveness of the management and operations;
- To review the statutory financial statements and other published documents and information;
- To monitor the 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/ reappointment, remuneration and dismissal; and to review the activities, findings, conclusions and recommendations of the external auditors;
- To review and recommend for the Board’s approval, the provision non-assurance services by the External Auditor and to ensure that there are proper checks and balances in place so that the provision of such 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 (“Outsourced Internal Auditor”);
- 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 Auditor; 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 raises questions of conflict;
- To review and recommend the Group’s risk management framework and its implementation to the Board for approval;
- 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 reviewing and approving 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 the adequacy and effectiveness of risk management policies and procedures;
- To prepare and highlight significant risks and/or issues for onward 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

(CONTINUED)

Meetings held during the financial year 2022

The ARMC held eight (8) meetings during the financial year under review with the following attendance record:

Members	Attendance
Ruziah Binti Mohd Amin	8/8
Datuk Selva Kumar A/L Mookiah	8/8
Zakaria Bin Kasah	7/8
Chin Chee Kong	8/8

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The ARMC activities during the financial year ended 31 December 2022 ("FY2022") encompassed the following:

- Reviewed the quarterly financial statements of FY2022 and the annual audited financial statements for FY2022, before recommending the same for the Board's approval;
- Approved the FY2022 risk-based Internal Audit Plan and received from and reviewed the Outsourced Internal Auditor the internal audit reports of the Group, particularly on its main operating subsidiaries, covering the status and progress of internal audit assignments, summary of audit reports issued, audit recommendations and Management's response to the recommendations;
- Reviewed the internal audit follow-up reports issued by the outsourced Internal Audit Auditor to ensure key findings raised in the internal audit reports 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 Related Party Transaction Policy before recommending the same for the Board's approval;
- Received a notification report from Management that there were no whistleblowing reports received for FY2022;
- Reviewed the Group's operational policies and procedures before recommending them to the Board for approval;
- Reviewed the External Auditors' Audit Planning Memorandum comprising their scope of work for the statutory audit for FY2022;
- Deliberation on the external auditors' report on the observations made during the audit;
- Reviewed the Group's annual operating budget and cash flow forecast;
- 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 FY2022 tabled by the Risk Management Working Group, covering the significant risks, control issues and summary of risk assessment.

During the financial year, the ARMC met with the external auditors two (2) times without the presence of the Management and Executive Directors to discuss key auditing concerns and obtain feedback relating to the Group'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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(CONTINUED)

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 ("IPPF") of the Institute of 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 FY2022 Internal Audit Plan, developed using a risk-based approach, was approved by the ARMC on 14 February 2022 and duly carried out by the Outsourced Internal Auditor. All the staff of the Outsourced Internal Auditor assigned on the job possess 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.

The Internal Audit Reports are issued to the relevant Management at the conclusion of every audit engagement and reviewed by the ARMC. Audit findings included in the internal audit report that require corrective actions are highlighted to the relevant Management and to the ARMC. The relevant Management is 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 FY2022 and reported by the Outsourced Internal Auditor:

- Human Capital Management;
- Operation Management;
- Chartering and Account Receivables Management;
- Compliance Review on Code on Corporate Governance 2021;
- Recurrent related party transactions of the Group; and
- Follow-up review on 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 FY2022, 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-assurance 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 FY2022 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 the financial year ending 31 December 2023.

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 reviewing the adequacy and effectiveness of the system and its alignment with the Group's business objectives.

The Audit and Risk Management Committee (the "ARMC") of the Board is tasked by the Board with the responsibility to ensure the establishment of appropriate framework and controls as well as to review that the functional system of the Group would provide reasonable assurance of 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 that this be regularly appraised by the Board.

The Board recognises that the risk management framework system is designed to manage the Group's risks within an acceptable risk profile, rather than eliminate the risk of failure to achieve the 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 an 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONTINUED)

KEY INTERNAL CONTROL PROCESSES (CONT'D)**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 risk-based internal audit plan approved by the ARMC.

Guided by the approved annual internal audit plan, the internal auditors carry out periodical reviews on compliance with the Group's policies and procedures and applicable laws and regulations in order to provide independent and objective assurance on the adequacy and effectiveness of risk management and internal control system of the Group.

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.

3. RISK MANAGEMENT

A formal Risk Management Framework of the Group has been established and updated when necessary, 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 goals and objectives.

The Group will 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, set timelines to management control and action plans that provide continuous monitoring and reporting of key risks to embed best practices into the Group's risk culture.

The Group has in place an ongoing 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 the 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 the 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 external auditors. The ARMC then reports and makes recommendations to the Board of Directors to approve the quarterly interim financial statements and the annual financial statements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONTINUED)

KEY INTERNAL CONTROL PROCESSES (CONT'D)**5. EMPLOYEE COMPETENCY**

Recruitment and termination guidelines are in place while training and development programs are conducted to ensure that employees are kept up to date with the necessary competencies to carry out their respective duties toward achieving the Group's objectives. The Group also has set up the following:

- Clear organisational structures with defined lines of responsibility and delegation of authority; and
- Centralised control of key functions such as corporate affairs, accounts and finance, tax and human resources and administration, information technology; and
- 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 EMPLOYEES

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 to 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.

7. INSURANCE

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

The Group regularly review 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONTINUED)

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 2022 and reported to the Board of Directors that nothing has come to their attention that causes 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 2023.

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

(CONTINUED)

MEETINGS HELD DURING THE FINANCIAL YEAR 2022

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

Nomination Committee Members	Attendance
Zakaria Bin Kasah	2/2
Ruziah Binti Mohd Amin	2/2
Datuk Selva Kumar A/L Mookiah	2/2
Chin Chee Kong	2/2

SUMMARY OF ACTIVITIES DURING FINANCIAL YEAR ENDED 31 DECEMBER 2022

During the financial year ended 31 December 2022, the Nomination Committee, in discharging its functions and duties, carried out the following activities:

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

The Nomination Committee upon its annual assessment carried out for financial year 2022, 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 2022 that is relevant and would serve to enhance their effectiveness in the Board.



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**DIRECTORS'
REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022.

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
Profit/(Loss) for the year	11,385	(17,396)

Reserves and provisions

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

DIVIDEND

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

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

(CONTINUED)

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
Ruziah Binti Mohd Amin
Tuan Haji Zakaria bin Kasah
Jamalludin Bin Obeng
Emily Hii San San (Alternate Director to Datuk Hasmi Bin Hasnan) (Resigned on 24 March 2022)
Chen King Yu (Alternate Director to Datuk Hasmi Bin Hasnan) (Appointed on 12 April 2022 and resigned on 7 July 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 Shahrudin

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 31.12.2022
	At 1.1.2022	Bought	Sold	
Interest in the Company:				
Datuk Hasmi bin Hasnan - own	290,202	-	-	290,202
Alias bin Mat Lazin - own	149,477	-	-	149,477
Deemed interests in the Company:				
Datuk Hasmi bin Hasnan	1,489,346,379	-	-	1,489,346,379

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

(CONTINUED)

DIRECTORS' INTEREST IN SHARES (CONT'D)

	Number of ordinary shares		At 31.12.2022	
	At 1.1.2022	Bought		Sold
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 shown below) 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.

The Directors' benefits paid or receivable by Directors in respect of the financial year ended 31 December 2022 are as follows:

	From Group and Company RM'000
Directors of the Company:	
Fee	516
Remuneration	1,000
	1,516

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 2022, a total of 795,050 Redeemable Convertible Preference Shares ("RCPS") has been converted into 795,050 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.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

(CONTINUED)

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 RM39,805 (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 net reversal of impairment loss on property, plant and equipment and net impairment loss on investments in subsidiaries, as disclosed in Note 16 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2022 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 2022

(CONTINUED)

AUDITORS

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

The auditors' remuneration of the Group and of the Company during the year are RM259,000 and RM70,000 respectively. Details of Auditors' remuneration are set out 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

Petaling Jaya,

Date: 11 April 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Assets					
Property, plant and equipment	3	695,648	719,383	231	140
Investment in subsidiaries	4	–	–	645,303	654,520
Deposits	5	11,087	10,879	11,087	10,879
Deferred tax assets	6	7,240	8,153	46	46
Total non-current assets		713,975	738,415	656,667	665,585
Inventories	7	2,823	4,897	–	–
Trade and other receivables	8	51,212	49,398	13,352	19,496
Deposits and prepayments	9	3,483	2,447	219	137
Current tax assets		5,847	4,562	3,572	3,293
Cash and cash equivalents	10	45,428	23,443	1,279	1,256
Total current assets		108,793	84,747	18,422	24,182
Total assets		822,768	823,162	675,089	689,767
Equity					
Share capital	11	885,198	885,198	885,198	885,198
Reserves	11.3	(299,869)	(358,965)	(680,883)	(663,487)
Equity attributable to owners of the company		585,329	526,233	204,315	221,711
Liabilities					
Loans and borrowings	12	32,642	48,941	6,551	8,700
Trade and other payables	13	118,453	156,008	118,453	156,008
Deferred tax liabilities	6	1,909	1,949	–	–
Total non-current liabilities		153,004	206,898	125,004	164,708
Loans and borrowings	12	19,919	18,768	2,357	2,357
Trade and other payables	13	63,056	71,263	343,413	300,991
Current tax liabilities		1,460	–	–	–
Total current liabilities		84,435	90,031	345,770	303,348
Total liabilities		237,439	296,929	470,774	468,056
Total equity and liabilities		822,768	823,162	675,089	689,767

The notes on pages 90 to 153 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	14	196,628	153,468	1,692	1,512
Cost of services		(163,435)	(234,223)	–	–
Gross profit/(loss)		33,193	(80,755)	1,692	1,512
Other income	15	12,145	990	100	–
Administrative expenses		(12,956)	(9,413)	(4,010)	(2,659)
Net loss on impairment of financial instruments		(270)	(11,799)	–	–
Other expenses	15	(11,345)	(224,309)	(10,341)	(395,597)
Results from operating activities	16	20,767	(325,286)	(12,559)	(396,744)
Finance income		263	2,718	705	582
Finance costs		(7,303)	(6,923)	(5,542)	(5,272)
Net finance costs	17	(7,040)	(4,205)	(4,837)	(4,690)
Profit/(Loss) before tax		13,727	(329,491)	(17,396)	(401,434)
Taxation	18	(2,342)	1,224	–	–
Profit/(Loss) for the year		11,385	(328,267)	(17,396)	(401,434)
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences		47,711	39,235	–	–
Other comprehensive income for the year		47,711	39,235	–	–
Total comprehensive income/(expense) for the year		59,096	(289,032)	(17,396)	(401,434)

The notes on pages 90 to 153 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

(CONTINUED)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit/(Loss) for the year attributable to:					
Owners of the Company		11,385	(328,267)	(17,396)	(401,434)
Profit/(Loss) for the year		11,385	(328,267)	(17,396)	(401,434)
Total comprehensive income/ (expense) for the year attributable to:					
Owners of the Company		59,096	(289,032)	(17,396)	(401,434)
Total comprehensive income/ (expense) for the year		59,096	(289,032)	(17,396)	(401,434)
Profit/(Loss) per share (sen)					
- Basic and diluted	20	0.51	(14.64)		

The notes on pages 90 to 153 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	----- 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	Total equity RM'000
Group						
As at 1 January 2021	876,397	8,801	51,471	1,635	(123,039)	815,265
Foreign currency translation differences	-	-	39,235	-	-	39,235
Total other comprehensive income for the year	-	-	39,235	-	-	39,235
Loss for the year	-	-	-	-	(328,267)	(328,267)
Total comprehensive expense for the year	-	-	39,235	-	(328,267)	(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
As at 1 January 2022	876,947	8,251	90,706	1,635	(451,306)	526,233
Reclassification	-	-	2,166	-	(2,166)	-
Foreign currency translation differences	-	-	47,711	-	-	47,711
Total other comprehensive income for the year	-	-	47,711	-	-	47,711
Profit for the year	-	-	-	-	11,385	11,385
Total comprehensive income for the year	-	-	47,711	-	11,385	59,096
Conversion of redeemable convertible preference shares (Note 11)	257	(257)	-	-	-	-
Total transactions with owners of the Company	257	(257)	-	-	-	-
At 31 December 2022	877,204	7,994	140,583	1,635	(442,087)	585,329
	(Note 11)	(Note 11)	(Note 11)	(Note 11)		

The notes on pages 90 to 153 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	----- <i>Non-distributable</i> -----			Total equity RM'000
	Share capital RM'000	Redeemable convertible preference shares RM'000	Accumulated losses RM'000	
Company				
As at 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 2021/1 January 2022	876,947	8,251	(663,487)	221,711
Loss/Total comprehensive expense for the year	-	-	(17,396)	(17,396)
Conversion of redeemable convertible preference shares (Note 11)	257	(257)	-	-
At 31 December 2022	877,204	7,994	(680,883)	204,315
	(Note 11)	(Note 11)		

The notes on pages 90 to 153 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax		13,727	(329,491)	(17,396)	(401,434)
<i>Adjustments for:</i>					
(Reversal of)/Impairment loss on property, plant and equipment	3	(11,363)	220,012	–	–
Net impairment loss on financial assets	16	270	11,799	–	–
Net impairment loss on investments in subsidiaries	16	–	–	9,217	394,696
Depreciation of property, plant and equipment	3	60,611	129,172	134	53
Gain on disposal of property, plant and equipment		(1,161)	–	–	–
Inventories written off	7	–	132	–	–
Finance costs	17	7,303	6,923	5,542	5,272
Finance income	17	(263)	(2,718)	(705)	(582)
Unrealised loss in foreign exchange	16	10,391	3,544	990	847
Operating profit/(loss) before changes in working capital					
		79,515	39,373	(2,218)	(1,148)
Changes in working capital:					
Inventories		2,074	(2,488)	–	–
Trade and other receivables, deposits and prepayments		(590)	(3,030)	6,062	(15,759)
Trade and other payables		(12,653)	(2,939)	(69)	343
Cash generated from/(used in) operations					
		68,346	30,916	3,775	(16,564)
Income tax received		333	–	–	–
Income tax paid		(1,627)	(2,233)	(279)	(395)
Net cash from/(used in) operating activities					
		67,052	28,683	3,496	(16,959)

The notes on pages 90 to 153 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

(CONTINUED)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from investing activities					
Interest received		55	849	497	210
Proceeds from disposal of property, plant and equipment		19,749	–	–	–
Purchase of property, plant and equipment	(iii)	(4,812)	(4,833)	(225)	(150)
Net cash generated from/(used in) investing activities		14,992	(3,984)	272	60
Cash flows from financing activities					
Repayment of term loan - Islamic		(2,357)	(2,357)	(2,357)	(2,357)
Repayment of term loan - Commodity Murabahah Financing - I		(7,732)	(4,982)	–	–
Repayment of secured term loans		(9,549)	(28,859)	–	–
Repayment of hire purchase liability		(58)	(5)	–	–
Repayment to a related company		(32,234)	(4,857)	(32,234)	(4,857)
Advances from subsidiaries		–	–	41,966	24,626
Interest paid		(13,087)	(11,026)	(11,120)	(8,767)
Net cash (used in)/from financing activities		(65,017)	(52,086)	(3,745)	8,645
Net increase/(decrease) in cash and cash equivalents		17,027	(27,387)	23	(8,254)
Effect of exchange rate movements		4,958	4,308	–	–
Cash and cash equivalents at 1 January		23,443	46,522	1,256	9,510
Cash and cash equivalents at 31 December		45,428	23,443	1,279	1,256

The notes on pages 90 to 153 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

(CONTINUED)

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits placed with licensed banks	35,624	350	–	–
Cash on hand and at banks	9,804	23,093	1,279	1,256
Cash and cash equivalents	45,428	23,443	1,279	1,256

(ii) Cash outflows for leases as a lessee

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Included in net cash from operating activities:				
Payment relating to short-term leases	9,180	25,731	214	89

(iii) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM4.8 million (2021: RM5.1 million) of which nil (2021: RM316,000) was acquired by means of hire purchase.

As at 31 December 2022, the carrying amount of motor vehicle under finance lease was RM269,000 (2021: RM339,000).

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

(CONTINUED)

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

	At 1.1.2021		Additions		Net changes from financing cash flows		Foreign exchange movement		Other changes		Net changes from financing cash flows		At 31.12.2021/1.1.2022		Foreign exchange movement		Other changes		At 31.12.2022	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group																				
Term loan – Islamic	13,454	-	-	(2,357)	-	(1,122)	9,975	(2,357)	-	1,290	8,908									
Term loan – Commodity	19,456	-	-	(4,982)	755	-	15,229	(7,732)	869	-	8,366									
Murabahah Financing – I	69,070	-	-	(28,859)	1,983	-	42,194	(9,549)	2,389	-	35,034									
Secured term loans	-	316	-	(5)	-	-	311	(58)	-	-	253									
Hire purchase liability																				
Net advances from related company	167,961	-	-	(4,857)	-	-	163,104	(32,234)	-	-	130,870									
Total liabilities from financing activities	269,941	316	(41,060)	2,738	(1,122)	230,813	(51,930)	3,258	1,290	183,431										
Company																				
Term loan – Islamic	14,536	-	(2,357)	-	(1,122)	11,057	(2,357)	-	208	8,908										
Net advances from related company	167,961	-	(4,857)	-	-	163,104	(32,234)	-	-	130,870										
Net advances from subsidiaries	242,365	-	24,626	847	-	267,838	41,966	990	-	310,794										
Total liabilities from financing activities	424,862	-	17,412	847	(1,122)	441,999	7,375	990	208	450,572										

The notes on pages 90 to 153 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 18, 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 2022 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the financial year ended 31 December 2022 do not include other 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 2023.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

The following are accounting standards, 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 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 – 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 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

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*

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

1. BASIS OF PREPARATION (CONT'D)**(a) Statement of compliance (Cont'd)**

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

- 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.
- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

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 of 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 Company has prepared its financial statements on a going concern basis, notwithstanding that the Company's current liabilities exceeded the current assets by RM327.3 million as at the end of the financial year. Furthermore, the Company recorded a net loss of RM17.4 million for the current financial year. This gives rise to concerns about whether the Company has sufficient cash flows to meet its obligations for the next twelve months from the end of the reporting period.

The validity of the going concern assumption is dependent on the holding company agreeing to provide continuous financial backing to support the Company to meet its obligations when due.

As at the end of the reporting period and as at the date of these financial statements were authorised for issue, the Directors believe that there is no material uncertainty that exists over the ability of 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 Company is unable to continue as a going concern.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

1. BASIS OF PREPARATION (CONT'D)

(d) Use of estimates and judgements (Cont'd)

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 1(b) - Appropriateness of going concern assumption;
- Note 3.2 - impairment testing of property, plant and equipment;
- Note 4 - impairment testing of investment in subsidiaries; and
- Note 6 - recognition of deferred tax assets.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(a) Basis of consolidation (Cont'd)****(ii) Business combinations (Cont'd)**

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(c) Financial instruments****(i) Recognition and initial measurement**

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

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

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

(ii) Financial instrument categories and subsequent measurement**Financial assets**

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

(a) Amortised cost

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

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

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

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

Financial assets (Cont'd)

(b) Fair value through profit or loss

All financial assets not measured at amortised cost 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 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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) 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.

(vi) 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Recognition and measurement (Cont'd)

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.

(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%
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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(e) Leases (Cont'd)****(ii) Recognition and initial measurement (Cont'd)****(a) As a lessee (Cont'd)**

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

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

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

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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)).

(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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

(i) Financial assets (Cont'd)

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

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

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

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

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

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

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(j) Impairment (Cont'd)****(ii) Other assets (Cont'd)**

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(I) 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 MFRS 16. The Group, as a lessor, generates revenue from leasing out marine vessels under charter hires. Vessel charter income is recognised over the term of the charter on an accrual basis.

(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.

(v) 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(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.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(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 recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Marine vessels operating (subject to lease) RM'000	Vessel equipment (subject to operating lease) RM'000	Dry docking 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 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 January 2022	1,751,112	22,497	90,478	1,148	3,840	204	2,938	1,872,217
Additions	–	4,387	–	–	55	6	364	4,812
Disposal	(153,843)	(3,125)	(2,852)	–	–	–	–	(159,820)
Effect of movements in exchange rate	88,645	150	3,516	–	–	–	–	92,311
At 31 December 2022	1,685,914	23,909	91,142	1,148	3,895	210	3,302	1,809,520
Depreciation and impairment loss								
At 1 January 2021	625,416	15,353	61,509	797	3,808	204	1,940	709,027
Accumulated depreciation	70,730	–	–	–	–	–	–	70,730
Accumulated impairment loss	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	763,333	17,254	71,439	809	3,824	204	2,212	859,075
Accumulated depreciation	293,759	–	–	–	–	–	–	293,759
Accumulated impairment loss	1,057,092	17,254	71,439	809	3,824	204	2,212	1,152,834

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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

Group (Cont'd)	Marine	Vessel	Dry	Motor	Office	Furniture	Others	Total
	vessels operating (subject to lease) RM'000	equipment (subject to operating lease) RM'000						
Depreciation and impairment loss (Cont'd)								
At 1 January 2022								
Accumulated depreciation	763,333	17,254	71,439	809	3,824	204	2,212	859,075
Accumulated impairment loss	293,759	—	—	—	—	—	—	293,759
	1,057,092	17,254	71,439	809	3,824	204	2,212	1,152,834
Depreciation for the year (Note 16)	49,112	2,211	8,597	71	20	1	599	60,611
Disposal	(135,846)	(2,534)	(2,852)	—	—	—	—	(141,232)
Reversal of impairment loss (Note 16)	(11,363)	—	—	—	—	—	—	(11,363)
Effect of movements in exchange rate	50,406	96	2,520	—	—	—	—	53,022
At 31 December 2022	787,423	17,027	79,704	880	3,844	205	2,811	891,894
Accumulated depreciation	221,978	—	—	—	—	—	—	221,978
Accumulated impairment loss	1,009,401	17,027	79,704	880	3,844	205	2,811	1,113,872
At 31 December 2022								
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
At 31 December 2022	676,513	6,882	11,438	268	51	5	491	695,648

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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

	Note	Office equipment RM'000	Furniture and fittings RM'000	Others RM'000	Total RM'000
Company					
Cost					
As at 1 January 2021		319	218	1,624	2,161
Additions		–	–	150	150
At 31 December 2021/ 1 January 2022					
Additions		55	6	164	225
At 31 December 2022		374	224	1,938	2,536
Accumulated depreciation					
At 1 January 2021		317	212	1,589	2,118
Depreciation for the year	16	1	4	48	53
At 31 December 2021/ 1 January 2022					
Depreciation for the year	16	7	4	123	134
At 31 December 2022		325	220	1,760	2,305
Carrying amount					
At 31 December 2020		2	6	35	43
At 31 December 2021/ 1 January 2022					
At 31 December 2022		49	4	178	231

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**3.1 Security**

Three (2021: Three) marine vessels with a total carrying amount of RM100.3 million (2021: RM87.7 million) are pledged to licensed banks or financial institutions for certain banking facilities granted to the Group (see Note 12), while ten (2021: eleven) marine vessels with a total carrying amount of RM478.6 million (2021: RM512.2 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 2021/2022 have continued to affect the business activities of the industry in which the Group operates.

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 daily charter rate, daily operating cost and average utilisation rate determined based on the management's estimate of industry trends and past performance of respective vessels; and
- (b) Pre-tax discount rate of 10.1% (2021: 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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 Directors by way of considering appropriate adjustments to valuations performed by an independent valuer with appropriate qualification and recent experience in valuation of vessels in the relevant industry in December 2021. The management has allowed for a one-year depletion of value of the vessels in 2022.

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
<p>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.</p>	<p>(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.</p>	<p>(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).</p> <p>(ii) The estimated fair value would increase/ (decrease) if the useful lives and the residual values of the vessels are higher/(lower).</p>

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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

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

Impairment of property, plant and equipment during the financial year ended 31 December 2022

During the financial year, the Group has recognised an impairment loss of RM29 million on eight vessels in the profit or loss, as the estimated recoverable amounts of these vessels are lower than their carrying amounts. The recoverable amount for these vessels of which an impairment loss was made during the year was RM456 million, where RM392 million was determined based on value-in-use ("VIU"), and RM64 million was determined based on fair value less costs of disposal ("FVLCOD").

The Group also recognised a reversal of impairment loss of RM40.4 million on six vessels in the profit or loss, as the estimated recoverable amounts of these vessels are higher than their carrying amounts. The recoverable amount for these vessels of which a reversal of impairment loss was made during the year was RM225 million, where RM207 million was determined based on value-in-use ("VIU"), and RM18 million was determined based on fair value less costs of disposal ("FVLCOD").

The net reversal of RM11.4 million was recognised net within "other income" in the profit or loss.

Impairment of property, plant and equipment during the financial year ended 31 December 2021

In the previous financial year, the Group had recognised an impairment loss of RM220 million on sixteen vessels in the profit or loss, as the estimated recoverable amounts of these vessels were lower than their carrying amounts.

The recoverable amounts for these vessels of which an impairment loss was made during the year was RM698 million, where RM600 million was determined based on value-in-use ("VIU"), and RM98 million was determined based on fair value less costs of disposal ("FVLCOD").

The impairment loss of RM220 million was recognised within "other expenses" in the profit or loss.

3.3 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:

	2022	2021
	RM'000	RM'000
Group		
Vessel charter income	169,313	143,984

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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

3.3 Marine vessels subject to operating lease (Cont'd)

The operating lease payments to be received are as follows:

	2022 RM'000	2021 RM'000
Group		
Less than one year/ Total undiscounted lease payments	9,430	16,070

4. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM'000	2021 RM'000
At cost		
Unquoted shares in Malaysia		
- in Malaysia	1,319,576	1,319,576
- outside Malaysia	21,155	21,155
Less: Impairment loss	(695,428)	(686,211)
	645,303	654,520

Details of the subsidiaries are as follows:

Name of company	Place of incorporation	Principal activities	Effective ownership interest and voting interest	
			2022 %	2021 %
<u>Direct subsidiaries</u>				
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

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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	
			2022 %	2021 %
<u>Direct subsidiaries (Cont'd)</u>				
Perdana Pluto Limited	Federal Territory of Labuan, Malaysia	Provision of leasing business activities in Labuan	100	100
Perdana Saturn Limited	Federal Territory of Labuan, Malaysia	Provision of leasing business activities in Labuan	100	100
Perdana Earth Limited	Federal Territory of Labuan, Malaysia	Provision of leasing business activities in Labuan	100	100
Perdana Mars Limited	Federal Territory of Labuan, Malaysia	Provision of leasing business activities in Labuan	100	100
Perdana Jupiter Limited	Federal Territory of Labuan, Malaysia	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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

4. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Impairment testing for investments in subsidiaries

There are several subsidiaries that were either dormant or loss-making, and certain subsidiaries which were previously impaired has shown improvement in their financial performance.

The recoverable amounts of subsidiaries were determined using the fair value less costs of disposal (“FVLCO”) approach. In deriving the recoverable amounts of subsidiaries with vessels, the Directors considered the underlying value of the assets as 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 Company has recognised a reversal of impairment loss of RM30.6 million, and recognised impairment loss of RM39.8 million (2021: RM394.7 million). The recoverable amount of a subsidiary of which a reversal of impairment loss was recognised was RM61.7 million. The total recoverable amount of subsidiaries of which impairment losses were recognised was RM515 million.

The net impairment loss of RM9.2 million (2021: RM394.7 million) was recognised net within “other expenses” in the profit or loss.

5. DEPOSITS

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Security deposit	5.1	11,087	10,879	11,087	10,879

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

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

6. DEFERRED TAX

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Property, plant and equipment	–	–	(2,479)	(2,534)	(2,479)	(2,534)
Capital allowances carried forward	46	586	–	–	46	586
Tax losses carried forward	4,784	5,451	–	–	4,784	5,451
Other temporary differences	2,980	2,701	–	–	2,980	2,701
Deferred tax assets/(liabilities)	7,810	8,738	(2,479)	(2,534)	5,331	6,204
Set-off of tax	(570)	(585)	570	585	–	–
Net deferred tax assets/(liabilities)	7,240	8,153	(1,909)	(1,949)	5,331	6,204

Company

Capital allowances carried forward	46	46	–	–	46	46
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Movements in deferred tax assets and liabilities during the year are as follows:

Group	At 1.1.2021 RM'000	Recognised in profit or loss RM'000	At 31.12.2021/ 1.1.2022 RM'000	Recognised in profit or loss RM'000	At 31.12.2022 RM'000
	Property, plant and equipment	(3,360)	826	(2,534)	55
Capital allowances carried forward	46	540	586	(540)	46
Tax losses carried forward	8,490	(3,039)	5,451	(667)	4,784
Other provision	(1,202)	3,903	2,701	279	2,980
	3,974	2,230	6,204	(873)	5,331

(Note 18)

(Note 18)

Company

Capital allowances carried forward	46	–	46	–	46
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(Note 18)

(Note 18)

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

6. DEFERRED TAX (CONT'D)

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) Charter hire costs from related companies were budgeted based on actual costs incurred;
- (ii) Administrative expenses for 2023 were budgeted based on 2022's actual costs incurred; and
- (iii) Average daily charter rate, daily operating cost and average utilisation rate determined based on management's estimate of industry trends and past performance of respective vessels.

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.

Unrecognised deferred tax assets

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

	Group and Company	
	2022	2021
	RM'000	RM'000
Unabsorbed capital allowances	535	518
Unutilised tax losses	15,494	13,736
	16,029	14,254

Deferred tax assets of the Group and of the Company of RM3.8 million (2021: RM3.4 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 Group and the Company can utilise the benefits therefrom.

Unabsorbed capital allowances do not expire under the current tax legislation.

Pursuant to the latest tax legislations, unutilised tax losses from a year of assessment can be carried forward up to 10 consecutive years of assessment, as follows:

	Company	
	2022	2021
	RM'000	RM'000
Utilisation period		
Within 6 years from recognition	7,435	-
Within 7 years from recognition	1,569	7,435
Within 8 years from recognition	4,071	1,569
Within 9 years from recognition	661	4,071
Within 10 years from recognition	1,758	661
	15,494	13,736

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

7. INVENTORIES

Inventories represent fuel, various oils and lubricants and spare parts.

	Group	
	2022	2021
	RM'000	RM'000
Materials and consumables - at cost	2,823	4,897
Recognised in profit or loss:		
Inventories recognised as part of cost of services	16,591	9,931
Inventories written off	-	132

8. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Current					
Trade					
Amount due from related companies	8.1	7,619	13,492	-	-
Trade receivables		53,446	43,128	-	-
Allowance for impairment loss		(12,353)	(12,083)	-	-
		41,093	31,045	-	-
Sub-total		48,712	44,537	-	-
Non-trade					
Amount due from subsidiaries	8.2	-	-	13,352	19,494
Other receivables		3,943	6,304	-	2
Allowance for Impairment loss		(1,443)	(1,443)	-	-
		2,500	4,861	-	2
Sub-total		2,500	4,861	13,352	19,496
Total		51,212	49,398	13,352	19,496

Group and Company

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

8.2 Non-trade amount due from subsidiaries is unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

9. DEPOSITS AND PREPAYMENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits	1,399	1,348	188	55
Prepayments	2,084	1,099	31	82
	3,483	2,447	219	137

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits placed with licensed banks	35,624	350	–	–
Cash on hand and at banks	9,804	23,093	1,279	1,256
	45,428	23,443	1,279	1,256

The covenants of a bank loan taken by a subsidiary of the Group requires the Group to hold unencumbered cash of not less than USD7 million or the equivalent in any other currency and maintaining a minimum credit balance that is not less than 3 months principal amount and interest in Retention Accounts as disclosed in Note 12.4.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

11. CAPITAL AND RESERVES

Share capital

	Group and Company			
	2022	2022	2021	2021
	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:				
<i>Ordinary shares</i>				
At 1 January	876,947	2,216,624	876,397	2,214,925
Conversion of redeemable convertible preference shares ("RCPS")	257	795	550	1,699
At 31 December	877,204	2,217,419	876,947	2,216,624
<i>Redeemable convertible preference shares ("RCPS")</i>				
At 1 January	8,251	25,476	8,801	27,175
Conversion of redeemable convertible preference shares ("RCPS")	(257)	(795)	(550)	(1,699)
At 31 December	7,994	24,681	8,251	25,476

During the financial year ended 31 December 2022, a total of 795,050 Redeemable Convertible Preference Shares ("RCPS") has been converted into 795,050 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.

11.1 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.

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

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

11. CAPITAL AND RESERVES (CONT'D)

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

	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 31 December 2020	8,801
Conversion of RCPS into ordinary shares	(552)
Transaction costs of RCPS reclassified to ordinary shares	2
	(550)
At 31 December 2021	8,251
Conversion of RCPS into ordinary shares	(258)
Transaction costs of RCPS reclassified to ordinary shares	1
	(257)
At 31 December 2022	7,994

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

11. CAPITAL AND RESERVES (CONT'D)

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

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 ordinary shares at the end of the tenure of the RCPS shall be automatically converted into ordinary shares.

11.3 Reserves

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-distributable:-				
Translation reserve (Note 11.4)	140,583	90,706	-	-
Other capital reserve (Note 11.5)	1,635	1,635	-	-
Accumulated losses	(442,087)	(451,306)	(680,883)	(663,487)
	(299,869)	(358,965)	(680,883)	(663,487)

11.4 Translation reserve

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

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

11. CAPITAL AND RESERVES (CONT'D)

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

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current					
Term loan – Islamic	12.1	6,551	7,618	6,551	8,700
Term loan – Commodity					
Murabahah Financing – I	12.2	419	7,917	–	–
Secured term loans	12.3	25,480	33,153	–	–
Hire purchase liability		192	253	–	–
		32,642	48,941	6,551	8,700
Current					
Term loan – Islamic	12.1	2,357	2,357	2,357	2,357
Term loan – Commodity					
Murabahah Financing – I	12.2	7,947	7,312	–	–
Secured term loans	12.3	9,554	9,041	–	–
Hire purchase liability		61	58	–	–
		19,919	18,768	2,357	2,357
Total		52,561	67,709	8,908	11,057

12.1 Term loan - Islamic

In August 2019, the Company 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 an RM11.1 million (2021: RM10.9 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).

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

12. LOANS AND BORROWINGS (CONT'D)

12.3 Secured term loans

The term loans are secured by:

- (i) fixed charge over certain vessels of the Group; and
- (ii) assignment and charges over insurance proceeds and revenue of certain vessels of the Group.

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;
- (vii) debt to equity ratio of no more than 1.5 times; and
- (viii) maintaining a minimum credit balance that is not less than 3 months principal amount and interest in Retention Accounts.

13. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current					
Non-trade					
Amount due to a related company	13.1	118,453	156,008	118,453	156,008
Current					
Trade					
Trade payables		26,292	33,412	–	–
Non-trade					
Amount due to a related company	13.1	32,102	32,672	31,820	32,395
Amount due to subsidiaries	13.2	–	–	310,794	267,838
Other payables		222	1,756	30	478
Accrued expenses		4,440	3,423	769	280
		36,764	37,851	343,413	300,991
		63,056	71,263	343,413	300,991
Total		181,509	227,271	461,866	456,999

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

13. TRADE AND OTHER PAYABLES (CONT'D)

13.1 Included in amount due to a related company are unsecured advances of RM130.9 million (2021: RM163.1 million), subject to interest base rate + 1.30% (2021: 1.30%) per annum and repayable over the term of 59 months (2021: 71 months).

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

14. REVENUE

	2022	2021
	RM'000	RM'000
Group		
Revenue from contracts with customers	12,969	2,489
Other revenue		
- Vessel charter income	169,313	143,984
- Mobilisation and demobilisation income	14,346	6,995
	<hr/> 196,628	<hr/> 153,468
Company		
Revenue from contracts with customers	1,692	1,512

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.

	2022	2021
	RM'000	RM'000
Group		
Major service line		
Catering services	12,969	2,489
Timing of recognition		
At a point in time	12,969	2,489

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

14. REVENUE (CONT'D)

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

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.

	2022	2021
	RM'000	RM'000
Company		
Major service line		
Management services	1,692	1,512
<hr/>		
Timing of recognition		
Over time	1,692	1,512
<hr/>		

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 performed and accepted by 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 a net reversal of impairment loss on property, plant and equipment (Note 3.2) of RM11.4 million (2021: Other expenses - Impairment loss of RM220 million) during the year.

Company

Included in the other expenses are net impairment loss on investments in subsidiaries of RM9.2 million (2021: RM394.7 million) and loss on foreign exchange of RM0.9 million (2021: RM0.8 million) during the year.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

16. RESULTS FROM OPERATING ACTIVITIES

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Results from operating activities are arrived at after charging/(crediting):					
Auditors' remuneration:					
- Audit fees					
- KPMG PLT		253	270	70	62
- Others		6	5	-	-
- Non-audit fees					
- KPMG PLT		11	10	11	10
- affiliates of KPMG PLT		489	47	18	18
Material expenses/(income):					
Depreciation of property, plant and equipment					
	3	60,611	129,172	134	53
Net impairment loss on financial assets at amortised cost					
		270	11,799	-	-
Impairment loss on investments in subsidiaries					
	4	-	-	9,217	394,696
(Reversal of)/Impairment loss on property, plant and equipment					
	3	(11,363)	220,012	-	-
Inventories written off					
	7	-	132	-	-
Net loss/(gain) on foreign exchange					
- realised		802	257	(58)	1
- unrealised		10,391	3,544	990	847
Personnel expenses (including key management personnel):					
- contributions to the Employees Provident Fund					
		718	659	-	140
- wages, salaries, and others					
		52,258	45,742	-	1,654
Expenses arising from leases:					
Expenses relating to short-term leases					
		9,180	25,731	214	89

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

17. FINANCE INCOME/(COSTS)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Recognised in profit or loss				
Interest income of financial assets:				
- short term deposits	55	849	-	28
- subsidiary	-	-	497	182
- security deposit	208	372	208	372
Waiver of interest	-	1,497	-	-
	263	2,718	705	582
Interest expense of financial liabilities:				
- term loans	(1,957)	(2,022)	(208)	(372)
- hire purchase liability	(11)	(1)	-	-
- related company	(4,977)	(4,565)	(4,977)	(4,565)
- others	(358)	(335)	(357)	(335)
	(7,303)	(6,923)	(5,542)	(5,272)
Net finance costs recognised in profit or loss	(7,040)	(4,205)	(4,837)	(4,690)

18. TAXATION

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current tax expense				
Malaysia				
- current year	2,024	1,002	-	-
- prior years	(555)	4	-	-
	1,469	1,006	-	-
Deferred tax expense (Note 6)				
Origination and reversal of temporary differences				
- current year	2,088	(2,258)	-	-
- (over)/under provision in prior years	(1,215)	28	-	-
	873	(2,230)	-	-
Total taxation	2,342	(1,224)	-	-

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

18. TAXATION (CONT'D)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Reconciliation of taxation				
Profit/(Loss) for the year	11,385	(328,267)	(17,396)	(401,434)
Total taxation	2,342	(1,224)	-	-
Profit/(Loss) excluding tax	13,727	(329,491)	(17,396)	(401,434)
Tax calculated using Malaysian tax rate of 24% (2021: 24%)	3,294	(79,078)	(4,175)	(96,344)
Tax effect under Labuan Business Activity Act 1990	(8,128)	(28,391)	-	-
Movement in unrecognised deferred tax assets	426	176	426	176
Non-deductible expenses	8,804	106,391	3,749	96,168
Non-taxable income	(284)	(354)	-	-
(Over)/Under-provision in prior years	(1,770)	32	-	-
Total taxation	2,342	(1,224)	-	-

19. COMPENSATIONS TO KEY MANAGEMENT PERSONNEL

Compensations to key management personnel are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive Directors:				
- fee	108	198	108	198
- non-fee emoluments	955	361	955	361
	1,063	559	1,063	559
Non-executive Directors:				
- fee	408	415	408	415
- non-fee emoluments	45	41	45	41
	453	456	453	456
Total Directors' remuneration	1,516	1,015	1,516	1,015

NOTES TO THE FINANCIAL STATEMENTS

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20. PROFIT/(LOSS) PER ORDINARY SHARE***Basic profit/(loss) per ordinary share***

The calculation of basic loss per ordinary share at 31 December 2022 was based on the profit or loss attributable to ordinary shareholders of RM11,385,000 and the weighted average number of ordinary shares outstanding (which comprises issued and fully paid share capital and outstanding RCPS with mandatorily conversion features), calculated as follows:

	2022	Group 2021
Profit/(Loss) attributable to ordinary shareholders (RM'000)	11,385	(328,267)
<i>Weighted average number of ordinary shares ('000)</i>		
Number of ordinary shares at beginning of year	2,216,624	2,214,925
Effect of conversion of RCPS	795	1,699
Outstanding RCPS with mandatorily conversion features	24,681	25,476
Weighted average number of ordinary shares outstanding during the year	2,242,100	2,242,100
Basic profit/(loss) per ordinary share (sen)	0.51	(14.64)

Diluted loss per ordinary share

The Group has no shares or other instruments with potential dilutive effects as at 31 December 2022 (2021: Nil).

21. DIVIDEND

No dividend has been declared or paid for the financial year ended 31 December 2022 and 2021.

22. OPERATING SEGMENTS

The Group has one reportable segment as described below, which is the Group's strategic business unit. Operating segment is 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 segment and to assess its performance. For management purposes, the Group is organised into business unit 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 segment based on operating results which are measured in the same manner as those disclosed in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

22. OPERATING SEGMENTS (CONT'D)

	Marine offshore support services	
	2022	2021
	RM'000	RM'000
Group		
<i>Included in the measure of segment profit/(loss) are:</i>		
Revenue from external customers	196,628	153,468
Depreciation and amortisation	(60,477)	(129,119)
Finance costs	(1,968)	(2,023)
Finance income	55	2,318
Reversal of/(Impairment loss) on property, plant and equipment	11,363	(220,012)
Segment assets	913,479	1,178,314

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

	Marine offshore support services	
	2022	2021
	RM'000	RM'000
Profit or loss		
Total profit or loss for reportable segment	21,917	(326,118)
Other non-reportable segments	(8,179)	(6,738)
Consolidation adjustment	(11)	3,365
Consolidated profit/(loss) before tax	13,727	(329,491)

	External revenue	Depreciation and amortisation	Finance cost	Finance income	Segment assets
	RM'000	RM'000	RM'000	RM'000	RM'000
2022					
Total reportable segments	196,628	(60,477)	(1,968)	55	1,117,128
Other non-reportable segments	–	(134)	(5,335)	208	675,089
Consolidation adjustment	–	–	–	–	(969,449)
Consolidated total	196,628	(60,611)	(7,303)	263	822,768
2021					
Total reportable segments	153,468	(129,119)	(2,023)	2,318	1,075,247
Other non-reportable segments	–	(53)	(4,900)	400	689,767
Consolidation adjustment	–	–	–	–	(941,852)
Consolidated total	153,468	(129,172)	(6,923)	2,718	823,162

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Malaysia	196,628	153,468	695,648	719,383

Major customers

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

	Revenue	
	2022	2021
	RM'000	RM'000
All common control companies of:		
- Customer A	80,994	50,407
- Customer B	71,289	64,581

23. FINANCIAL INSTRUMENTS

23.1 Categories of financial instruments

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

	Carrying amount	AC
	RM'000	RM'000
2022		
Financial assets		
Group		
Deposits	12,486	12,486
Trade and other receivables	51,212	51,212
Cash and cash equivalents	45,428	45,428

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

23. FINANCIAL INSTRUMENTS (CONT'D)

23.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	AC RM'000
2022		
Company		
Deposits	11,275	11,275
Trade and other receivables	13,352	13,352
Cash and cash equivalents	1,279	1,279
<hr/>		
Financial liabilities		
Group		
Loans and borrowings	(52,561)	(52,561)
Trade and other payables	(181,509)	(181,509)
<hr/>		
Company		
Loans and borrowings	(8,908)	(8,908)
Trade and other payables	(461,866)	(461,866)
<hr/>		
2021		
Financial assets		
Group		
Deposits	12,277	12,277
Trade and other receivables	49,398	49,398
Cash and cash equivalents	23,443	23,443
<hr/>		
Company		
Deposits	10,934	10,934
Trade and other receivables	19,496	19,496
Cash and cash equivalents	1,256	1,256
<hr/>		
Financial liabilities		
Group		
Loans and borrowings	(67,709)	(67,709)
Trade and other payables	(227,271)	(227,271)
<hr/>		
Company		
Loans and borrowings	(11,057)	(11,057)
Trade and other payables	(456,999)	(456,999)
<hr/>		

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

23. FINANCIAL INSTRUMENTS (CONT'D)**23.2 Net gains and losses arising from financial instruments**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net gains/(losses) on:				
Financial assets at amortised cost	2,526	(7,144)	705	582
Financial liabilities at amortised cost	(21,029)	(12,661)	(6,474)	(6,120)
	(18,503)	(19,805)	(5,769)	(5,538)

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

23. FINANCIAL INSTRUMENTS (CONT'D)

23.3 Financial risk management (Cont'd)

(a) Credit risk (Cont'd)

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

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statement of financial position.

There are no significant concentrations of credit risk as at the end of the reporting period other than trade receivables due from one (2021: five) counterparty(ies) amounting to RM31.5 million (2021: RM42.2 million).

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 2022 which are grouped together as they are expected to have similar risk nature.

	Gross carrying amount RM'000	ECL RM'000	Net balance RM'000
2022			
Current (not past due)	8,119	(19)	8,100
1-30 days past due	25,296	(18)	25,278
31-90 days past due	13,870	(37)	13,833
91-365 days past due	1,790	(289)	1,501
More than 365 days past due	11,990	(11,990)	-
	61,065	(12,353)	48,712
2021			
Current (not past due)	23,316	(99)	23,217
1-30 days past due	421	(57)	364
31-90 days past due	16,303	(2,310)	13,993
91-365 days past due	16,296	(9,333)	6,963
More than 365 days past due	284	(284)	-
	56,620	(12,083)	44,537

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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:

	Credit impaired RM'000
Balance at 1 January 2021	284
Net remeasurement of loss allowance	11,799
Balance at 31 December 2021/1 January 2022	12,083
Net remeasurement of loss allowance	270
Balance at 31 December 2022	12,353

(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 RM13.4 million (2021: RM19.5 million).

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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 2022.

Company

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2022			
Low credit risk	13,352	–	13,352
2021			
Low credit risk	19,494	–	19,494

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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 RM405.2 million (2021: RM502.9 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 subsidiaries' 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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
2022						
Term loan - Islamic	8,908	4.09	11,310	2,714	8,596	-
Term loan - Commodity Murabahah						
Financing - I	8,366	1.85 - 6.04	8,684	8,261	423	-
Secured term loans	35,034	1.88 - 5.49	39,735	11,648	28,087	-
Hire purchase liability	253	2.04	272	69	203	-
Trade and other payables	50,639	-	50,639	50,639	-	-
Amount due to a related company	130,870	3.73	150,239	26,032	124,207	-
Financial guarantees	-	-	361,800	361,800	-	-
	234,070		622,679	461,163	161,516	-
2021						
Term loan - Islamic	9,975	4.09	12,941	2,714	10,227	-
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		768,134	560,853	207,281	-

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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
2022						
Term loan - Islamic	8,908	4.09	11,310	2,714	8,596	-
Trade and other payables	330,996	-	330,996	330,996	-	-
Amount due to a related company	130,870	3.73	150,239	26,032	124,207	-
Financial guarantees	-	-	405,200	405,200	-	-
	470,774		897,745	764,942	132,803	-
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	-

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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	
	USD	SGD
	RM'000	RM'000
Group		
2022		
Financial assets		
Trade and other receivables	594	324
Cash and cash equivalents	199	-
	793	324
Financial liabilities		
Trade and other payables	(3,510)	(921)
	(2,717)	(597)
2021		
Financial assets		
Cash and cash equivalents	181	-
	181	-
Financial liabilities		
Trade and other payables	(1,629)	(1,551)
	(1,629)	(1,551)
Net currency exposure	(1,448)	(1,551)

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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)

	USD RM'000
Company	
2022	
Financial liabilities	
Trade and other payables	(23,089)
Net currency exposure	(23,089)
2021	
Financial liabilities	
Trade and other payables	(21,849)
Net currency exposure	(21,849)

Currency risk sensitivity analysis

A 10% (2021: 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.

	Profit or loss	
	2022 RM'000	2021 RM'000
Group		
USD#	2,581	2,330
SGD	60	155
Company		
USD	2,309	2,185

Inclusive of foreign currency effect arising from Company level.

A 10% (2021: 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

23. FINANCIAL INSTRUMENTS (CONT'D)

23.3 Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(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.

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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets				
- Deposits placed with licensed banks	35,624	350	-	-
- Security deposit	11,087	10,879	11,087	10,879
	46,711	11,229	11,087	10,879
Financial liabilities				
- Term loan - Islamic	(8,908)	(9,975)	(8,908)	(11,057)
- Hire purchase liability	(253)	(311)	-	-
	(9,161)	(10,286)	(8,908)	(11,057)

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

23. FINANCIAL INSTRUMENTS (CONT'D)

23.3 Financial risk management (Cont'd)

(c) Market risk (Cont'd)

(ii) Interest rate risk

Exposure to interest rate risk

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Floating rate instruments				
Financial liabilities				
- Term loan – Commodity				
Murabahah Financing - I	(8,366)	(15,229)	-	-
- Secured term loans	(35,034)	(42,194)	-	-
- Advances from a related company	(130,870)	(163,104)	(130,870)	(163,104)
	(174,270)	(220,527)	(130,870)	(163,104)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bps) in interest rates at the end of the reporting period would have (decreased)/increased pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2022		2021	
	Profit or loss 100bps increase RM'000	Profit or loss 100bps decrease RM'000	Profit or loss 100bps increase RM'000	Profit or loss 100bps decrease RM'000
Group				
Floating rate instruments	(1,743)	1,743	(2,205)	2,205
Company				
Floating rate instruments	(1,309)	1,309	(1,631)	1,631

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

23. FINANCIAL INSTRUMENTS (CONT'D)

23.3 Financial risk management (Cont'd)

- (c) Market risk (Cont'd)
- (iii) Other price risk

The Group does not have any exposure to other price risk.

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 carrying amounts of floating rate borrowings and amount due to a related company approximate their fair values as these instruments are subject to variable interest rates which in turn approximate the current market interest rates of similar instruments at the end of the reporting period.

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			Total		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
2022									
Group									
Financial assets									
Deposits	-	-	-	-	-	-	10,980	10,980	11,087
Financial liabilities									
Term loan - Islamic	-	-	-	-	-	(9,957)	(9,957)	(9,957)	(8,908)
Hire purchase liability	-	-	-	-	-	(259)	(259)	(259)	(253)

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000		
2021								
Group								
Financial assets								
Deposits	-	-	-	-	-	11,600	11,600	10,879
Financial liabilities								
Term loan - Islamic	-	-	-	-	-	(12,056)	(12,056)	(9,975)
Hire purchase liability	-	-	-	-	-	(322)	(322)	(311)
2022								
Company								
Financial assets								
Deposits	-	-	-	-	-	10,980	10,980	11,087
2021								
Company								
Financial assets								
Deposits	-	-	-	-	-	11,600	11,600	10,879
Level 3 fair value								

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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.

The Directors monitor and are determined to maintain a debt-to-equity ratio that complies with debt covenants. The debt-to-equity ratios at 31 December 2022 and at 31 December 2021 were as follows:

	Group	
	2022	2021
	RM'000	RM'000
Total loans and borrowings (Note 12)	52,561	67,709
Less: Cash and cash equivalents (Note 10)	(45,428)	(23,443)
Net debt	7,133	44,266
Total equity	585,329	526,233
Debt-to-equity ratios	0.012	0.084

There were no changes in the Group's approach to capital management during the financial year.

25. CAPITAL EXPENDITURE COMMITMENTS

	Group	
	2022	2021
	RM'000	RM'000
Property, plant and equipment		
Approved and contracted for	14,922	11,044

26. 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

26. RELATED PARTIES (CONT'D)

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	
	2022	2021
	RM'000	RM'000
Management fees income	(1,692)	(1,512)
Interest income	(497)	(182)

Transaction with related companies

	Group	
	2022	2021
	RM'000	RM'000
Charter income	(67,754)	(61,196)
Mobilisation and demobilisation income	(4,360)	(3,385)
Interest expenses	4,977	4,565
Rental expenses	235	340

	Company	
	2022	2021
	RM'000	RM'000
Rental expenses	-	61
Interest expenses	4,977	4,565

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

27. 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. On 13 August 2019, a case management was held 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 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 of RM2,652,447 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. However, the hearing on 16 February 2022 did not proceed and the leave application was fixed for case management on 18 February 2022 for the parties to attend before the Deputy Registrar to fix a new hearing date. The leave application was eventually fixed for hearing on 12 May 2022 before the Federal Court.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

27. MATERIAL LITIGATION (CONT'D)

On 12 May 2022, the Federal Court allowed the Plaintiffs' leave application to appeal to the Federal Court with costs in the cause. The Federal Court expressed that the subject matter of the appeal is a new area of law introduced under the Companies Act 2016 and the Federal Court would like to hear further arguments on this, as there is no decided case by Federal Court on this point of law thus far.

The Plaintiffs had filed their notice of appeal and the record of appeal was served on our solicitors on 1 August 2022. All the parties were directed by the Federal Court to file their respective written submissions by 14 November 2022. The hearing of the Appeal in the Federal Court was fixed on 28 November 2022. However, given that 28 November 2022 was declared as a public holiday, the hearing of the Appeal in the Federal Court was rescheduled to 27 February 2023.

On 3 March 2023, the Federal Court decision which was received by the Company and was made in favor of the Plaintiffs to set aside the decision of the Court of Appeal and upheld the decision of the High Court. The Company has been ordered to pay costs of RM100,000 to the Plaintiffs.

Given that the Plaintiffs did not 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 served the Bankruptcy Notices on the Plaintiffs.

The Company's solicitors had not been able to serve the Bankruptcy Notices personally on the Plaintiffs despite having made an appointment to serve the said notices. The Company's solicitors had in August 2022 filed the application to serve the notices by substituted service by affixing a copy of the notices at the court's notice board, advertising in the local newspapers and sending a copy of the notices by Acknowledgement of Receipt Registered post to the last known address as per the NRIC searches conducted on the Plaintiffs in March 2022. Upon obtaining an order for substituted service, our solicitors had duly complied with the said order by 26 October 2022. The Bankruptcy Court has fixed for a case management on 24 November 2022, to determine the date of act of bankruptcy committed by the respondents and to give directions in respect of filing of the Creditors' Petition to pursue the second stage of the proceedings. The Bankruptcy Court has declared that the Plaintiffs have committed the acts of bankruptcy as no attempts made by the Plaintiffs to settle the judgment sum or to have the bankruptcy proceedings stayed. In this regard, our solicitors had filed the Creditor's Petition to obtain relevant bankruptcy orders against the Plaintiffs from the Bankruptcy Court. As a result of the decision received from the Federal Court on 3 March 2023, the Company has filed notice of discontinuance to discontinue the bankruptcy proceeding as the legal basis for doing so no longer exist.

The claim is not anticipated to have any significant financial and operational impact to the Group's results for the financial year ended 31 December 2022.

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 81 to 153 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 2022 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

Petaling Jaya,

Date: 11 April 2023

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 81 to 153 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 2023.

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 2022 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 81 to 153.

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 2022, 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PERDANA PETROLEUM BERHAD

(CONTINUED)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Valuation of marine vessels – Group level

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
<p>The Group's main customers are from oil and gas companies involved in upstream exploration activities. The volatility of crude oil prices in 2021-2022 have continued to affect the business activities of the industry in which the Group operates.</p> <p>For the current financial year ended 31 December 2022, the Group recognised a net reversal of impairment loss of RM11.4 million. As disclosed in Note 3.2 to the financial statements, the recoverable amount is derived based on value-in-use ("VIU") and fair value less cost of disposal ("FVLCOB"), whichever is higher.</p> <p>This is 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.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> i) We evaluated the management's assessments on indicators of impairment or reversal of impairment. ii) We evaluated the key assumptions used by management to determine the recoverable amount 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. iii) We evaluated the fair value determined by Directors by challenging whether appropriate factors have been considered in their adjustment to the market value determined by an independent valuer in December 2021. iv) We considered the adequacy of the Group's disclosures about the assumptions to which the outcome of the impairment assessment was most sensitive.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PERDANA PETROLEUM BERHAD

(CONTINUED)

Key Audit Matters (Cont'd)

2. Valuation of investment in subsidiaries – Company level

Refer to Note 2(a) and 2(j)(ii) (accounting policies) and Note 4 (financial disclosures).

The key audit matter	How the matter was addressed in our audit
<p>The Company has significant investments in subsidiaries. There are several subsidiaries that were either dormant or loss-making, and certain subsidiaries which were previously impaired has shown improvement in their financial performance. This gives rise to indicators of potential impairment or reversal of impairment.</p> <p>This is a key audit matter because of the degree of management judgement involved in determining the recoverable amount of the investments in subsidiaries.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> i) We evaluated the management's assessments on indicators of impairment or reversal of impairment. ii) We compared the impairment test models with the requirements of the accounting standards. iii) We evaluated the value of the underlying assets of the subsidiaries using the procedures as disclosed in Key Audit Matter 1.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PERDANA PETROLEUM BERHAD

(CONTINUED)

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.
- 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PERDANA PETROLEUM BERHAD

(CONTINUED)

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

Petaling Jaya, Selangor

Date: 11 April 2023

Ooi Eng Siong

Approval Number: 03240/02/2024 J

Chartered Accountant

ANALYSIS OF SHAREHOLDINGS

AS AT 20 MARCH 2023

SHARE CAPITAL

Total number of issued shares
and class of shares : 2,218,185,791 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	1,594	13.45	57,008	0.00
100 - 1,000	1,682	14.19	863,638	0.04
1,001 - 10,000	4,036	34.05	21,298,223	0.96
10,001 - 100,000	3,619	30.53	139,996,948	6.31
100,001 to less than 5% of the issued shares	921	7.77	643,610,024	29.02
5% and above of issued shares	1	0.01	1,412,359,950	63.67
	11,853	100.00	2,218,185,791	100.00

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 20 MARCH 2023

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	67.14 [#]

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 have an interest in the ordinary shares of the related corporations that are wholly owned by the Company.

ANALYSIS OF SHAREHOLDINGS

AS AT 20 MARCH 2023

(CONTINUED)

THIRTY LARGEST SHAREHOLDERS AS AT 20 MARCH 2023

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	63.671
2.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NAIM HOLDINGS BERHAD	39,840,429	1.796
3.	NAIM HOLDINGS BERHAD	24,915,000	1.123
4.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA MALAYSIAN INC FUND	23,560,200	1.062
5.	WONG YOKE FONG @ WONG NYOK FING	20,990,200	0.946
6.	CARTABAN NOMINEES (TEMPATAN) SDN BHD CN CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH FUND SERIES 2	18,785,300	0.846
7.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD.	16,000,000	0.721
8.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TA KIN YAN	15,800,000	0.712
9.	TASEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR TA INVESTMENT MANAGEMENT BERHAD	14,424,700	0.650
10.	AFFIN HWANG NOMINEES (ASING) SDN BHD PHILLIP SECURITIES PTE LTD FOR TOH ONG TIAM	13,090,000	0.590
11.	NAIM HOLDINGS BERHAD	12,231,000	0.551
12.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CIMB INVESTMENT BANK BERHAD	11,259,300	0.507
13.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD TA DYNAMIC ABSOLUTE MANDATE	10,924,000	0.492
14.	MAYBANK NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR MAYBANK ISLAMIC ASSET MANAGEMENT SDN BHD (RESIDENT)	10,325,600	0.465
15.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TA KIN YAN	10,300,000	0.464
16.	HUANG TIONG SII	9,902,500	0.446
17.	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YOKE FONG @ WONG NYOK FING	7,000,000	0.315
18.	YEOH YEW CHOO	6,905,800	0.311

ANALYSIS OF SHAREHOLDINGS

AS AT 20 MARCH 2023

(CONTINUED)

THIRTY LARGEST SHAREHOLDERS AS AT 20 MARCH 2023 (CONT'D)

No.	Name of Shareholders	No. of Shares	%
19.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR KUMPULAN SENTIASA CEMERLANG SDN BHD	5,780,000	0.260
20.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KOK THYE	5,500,000	0.247
21.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD	5,181,700	0.233
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD INCEIF (IFM KENANGA-I)	4,594,900	0.207
23.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MICHAEL YONG	3,987,422	0.179
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ICLIF (IFM KENANGA-I)	3,746,800	0.168
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LUQMAN NAIM BIN JALLALUDIN	3,554,200	0.160
26.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KOK THYE	3,500,000	0.157
27.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUEK SEE KUI	3,460,000	0.155
28.	MOHAMMED ARSHAD	3,449,600	0.155
29.	MOHAMED YUNUS RAMLI BIN ABBAS	3,300,000	0.148
30.	NG KI SIONG	3,200,000	0.144

SUBSTANTIAL SHAREHOLDERS AS AT 20 MARCH 2023

No.	Name of Shareholders	Direct Interest	%	Deemed Interest	%
1.	DAYANG ENTERPRISE HOLDINGS BHD	1,412,359,950	63.67	–	–
2.	NAIM HOLDINGS BERHAD	76,986,429	3.47	1,412,359,950	63.67
3.	DATUK LING SUK KIONG	97	0.00	1,412,390,042	63.67
4.	YM TENGKU DATO' YUSOF BIN TENGKU AHMAD SHAHRUDDIN	–	–	1,412,359,950	63.67
5.	DATUK HASMI BIN HASNAN	290,202	0.01	1,489,346,379	67.14
6.	JOE LING SIEW LOUNG @ LIN SHOU LONG	–	–	1,412,390,139	63.67
7.	DATUK AMAR ABDUL HAMED BIN SEPAWI	–	–	1,489,346,379	67.14

ANALYSIS OF RCPS SHAREHOLDINGS

AS AT 20 MARCH 2023

REDEEMABLE CONVERTIBLE PREFERENCE SHARES (“RCPS”)

Total number of issued shares and class of shares	:	1,463,629,199 RCPS
Converted balance RCPS	:	23,914,357 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	65	7.39	2,335	0.01
100 - 1,000	101	11.48	59,066	0.25
1,001 - 10,000	389	44.20	1,895,115	7.92
10,001 - 100,000	289	32.84	9,297,129	38.88
100,001 to less than 5% of the issued holdings	35	3.98	11,103,040	46.43
5% and above of issued holdings	1	0.11	1,557,672	6.51
	880	100.00	23,914,357	100.00

DIRECTORS’ RCPS SHAREHOLDINGS AS PER REGISTER OF DIRECTORS’ SHAREHOLDINGS AS AT 20 MARCH 2023

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 20 MARCH 2023

(CONTINUED)

THIRTY LARGEST RCPS HOLDERS AS AT 20 MARCH 2023

No.	Name of Shareholders	No. of RCPS	%
1.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUNG VUI KONG	1,557,672	6.513
2.	CHAY CHEE KEN	1,000,116	4.182
3.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM MOOI TEAN	1,000,000	4.181
4.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY CHOON WEI	800,000	3.345
5.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KIM CHONG	611,000	2.554
6.	YONG SIEW NGEE	524,300	2.192
7.	CHUNG VUI KONG	500,000	2.090
8.	PHILLIP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW JON LAN	459,000	1.919
9.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK SECURITIES PTE LTD FOR CHIN HENG FOOK	400,000	1.672
10.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUEK SEE KUI	397,300	1.661
11.	TAN CHWEE LYE	387,556	1.620
12.	QUEK SEE KUI	379,300	1.586
13.	TANG LUNG TECK	367,336	1.536
14.	HEE KUANG SIONG	295,472	1.235
15.	OOI KOK KEE	280,000	1.170
16.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONE YOON SENG	250,000	1.045
17.	NG SING HEONG	218,916	0.915
18.	TAN CHEN SIEW	214,988	0.898

ANALYSIS OF RCPS SHAREHOLDINGS

AS AT 20 MARCH 2023

(CONTINUED)

THIRTY LARGEST RCPS HOLDERS AS AT 20 MARCH 2023 (CONT'D)

No.	Name of Shareholders	No. of RCPS	%
19.	RAMLA RAZA MUHAMMAD RAZA-UL-HAQ	202,000	0.844
20.	CHUNG VUI KONG	200,000	0.836
21.	LEE TEIK MING	200,000	0.836
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHEE SING	200,000	0.836
23.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD LEE CHIN BIN	200,000	0.836
24.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THEE CHIN CHIEN	200,000	0.836
25.	YONG YUE POH	180,000	0.752
26.	TSAN ENG KIA	151,930	0.635
27.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE MEE CHUNG	150,000	0.627
28.	YONG YOKE CHUAN	150,000	0.627
29.	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AHMAD FAUZI BIN GHAZALI	140,000	0.585
30.	YAP KIAN CHUAN	140,000	0.585

SUBSTANTIAL RCPS HOLDERS AS AT 20 MARCH 2023

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	6.513	–	–

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Seventh Annual General Meeting (“27th AGM”) of the Company will be held virtually through live streaming from the Broadcast Venue at Level 18, Block 2, VSQ @ PJCC, Jalan Utara, 46200 Petaling Jaya, Selangor, Malaysia (“**Broadcast Venue**”) on **17 May 2023 (Wednesday) at 9.30 a.m.** for the following purposes:

AGENDA

- | | | |
|----|---|--------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2022 and the Reports of the Directors and Auditors thereon. | |
| 2. | To approve the payment of Non-Executive Directors’ Fees of up to RM585,000.00 for the period from May 2023 until the next AGM. | Resolution 1 |
| 3. | To approve the payment of meeting allowance of RM600.00 per meeting for attendance of each Non-Executive Director from May 2023 until the next AGM. | Resolution 2 |
| 4. | To re-elect the following Directors who are retiring pursuant to the following Article in Company’s Constitution: | |
| | 4.1 Alias Bin Mat Lazin (Article 110) | Resolution 3 |
| | 4.2 Datuk Dr Abd Hapiz Bin Abdullah (Article 110) | Resolution 4 |
| | 4.3 Chin Chee Kong (Article 110) | Resolution 5 |
| 5. | To re-appoint KPMG PLT as Auditors and to authorise the Board of Directors to fix their remuneration. | Resolution 6 |

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 7 |
| | “THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the capital of 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 10% 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 Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.” | |
| | 6.2 Proposed Renewal of Existing Shareholders’ Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature. | Resolution 8 |
| | “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 2023 (“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”); | |

NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

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

18 April 2023

IMPORTANT NOTICE ON REMOTE PARTICIPATION AND VOTING:

1. The 27th 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 27th AGM in order to register, participate and vote remotely via the RPV facilities.
2. The venue of the 27th 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.
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 27th AGM in order to register, participate and vote remotely.

NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

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 27th 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 the 27th 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 15 May 2023 at 9.30 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, its 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.

NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

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 10 May 2023. 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 5**

For the purpose of determining the eligibility of the Directors to stand for re-election at the 27th AGM, the Board through its Nomination Committee had assessed Encik Alias Bin Mat Lazin, Datuk Dr Abd Hapiz Bin Abdullah and Mr Chin Chee Kong (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 they were prepared and were effective in the discharge of their responsibilities. No circumstances have arisen in the past year to impair the judgement of the Retiring Directors 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.

Ordinary Resolution 7

The proposed Ordinary Resolution will give powers to the Directors to issue up to a maximum ten per centum (10%) 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 ("General Mandate"). This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

The General Mandate 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 further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions or the issuance of shares as consideration for the acquisition of assets.

The mandate obtained at the 26th AGM in year 2022 for authority to allot shares of the Company up to 20% of the total number of issued shares of the Company was not utilised.

Ordinary Resolution 8

Please refer to the Circular to Shareholders dated 18 April 2023 for further information on the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature.

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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

_____ 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 **27th Annual General Meeting** ("AGM") of the Company to be held virtually from the Broadcast Venue at Level 18, Block 2, VSQ @ PJCC, Jalan Utara, 46200 Petaling Jaya, Selangor, Malaysia on **Wednesday, 17 May 2023 at 9.30 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 RM585,000.00 for the period from May 2023 until the next AGM.	1		
To approve the payment of meeting allowance of RM600.00 per meeting for attendance of each Non-Executive Director from May 2023 until the next AGM.	2		
To re-elect Alias Bin Mat Lazin as Director.	3		
To re-elect Datuk Dr Abd Hapiz Bin Abdullah as Director.	4		
To re-elect Chin Chee Kong as Director.	5		
To re-appoint KPMG PLT as Auditors of the Company for the ensuing year.	6		
To authorise the allotment of shares pursuant to Sections 75 and 76 of the Companies Act 2016.	7		
To approve the proposed Renewal of existing Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or Trading Nature.	8		

[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 _____ 2023

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



IMPORTANT NOTICE

Shareholders or proxies are to attend, participate (including posing questions to the Board) and vote remotely at the AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") via its **TIIH Online** website at <https://tiih.online>.

PROXY NOTES

1. A Member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in their place. A proxy may but need not be a member of the Company.
2. A Member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the Member at the AGM via RPV.
3. Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company that is standing to the credit of the said securities account.
4. Where a Member of the Company is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account (Omnibus Account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
5. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. The instrument appointing a proxy shall be in writing signed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of two (2) authorised officers, one of whom shall be a Director, or of its attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialed.
7. A Member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this AGM via RPV facilities must request his/her proxy to register himself/herself at TIIH Online website at <https://tiih.online>. Please follow the Procedures for RPV in the Administrative Details for Shareholders on AGM.
8. The appointment of proxy may be made in a hardcopy form or by electronic means as follows:

In Hardcopy Form

The 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 15 May 2023 at 9.30 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 10 May 2023. 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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ANNUAL REPORT 2022

PERDANA PETROLEUM BERHAD

Registration No.199501042909 (372113-A)

Level 18, Block 2, VSQ @ PJCC, Jalan Utara, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia

Tel : +603 7931 8524 / 8424 / 8324 **Fax :** +603 7931 8624 **Email :** ppb.corporate@perdana.my

www.perdana.my