



PERDANA PETROLEUM BERHAD

Company No. 372113-A
(Incorporated in Malaysia)

Interim Report for the Quarter Ended 31 March 2022

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	-----Unaudited-----			
	Current Quarter Ended 31-Mar-22 RM'000	Corresponding Quarter Ended 31-Mar-21 RM'000	Current Period-to-date Ended 31-Mar-22 RM'000	Corresponding Period-to-date Ended 31-Mar-21 RM'000
Revenue	28,815	16,840	28,815	16,840
Cost of services	(39,199)	(36,804)	(39,199)	(36,804)
Gross (loss)/profit	(10,384)	(19,964)	(10,384)	(19,964)
Other income	1,160	8	1,160	8
Administrative expenses	(2,475)	(2,188)	(2,475)	(2,188)
Other expenses	(218)	(3,179)	(218)	(3,179)
Results from operating activities	(11,917)	(25,323)	(11,917)	(25,323)
Finance income	5	85	5	85
Finance costs	(1,849)	(2,101)	(1,849)	(2,101)
Net finance costs	(1,844)	(2,016)	(1,844)	(2,016)
Loss before tax	(13,761)	(27,339)	(13,761)	(27,339)
Taxation	(242)	(165)	(242)	(165)
Loss for the period	(14,003)	(27,504)	(14,003)	(27,504)
<i>Other comprehensive income</i>				
<i>Foreign currency translation</i>	5,152	35,734	5,152	35,734
Total comprehensive (loss)/ income for the period attributable to Owners of the Company	(8,851)	8,230	(8,851)	8,230
Loss for the period attributable to:				
Owners of the Company	(14,003)	(27,504)	(14,003)	(27,504)
Non-controlling interests	-	- *	-	- *
	(14,003)	(27,504)	(14,003)	(27,504)
Total comprehensive (loss)/income for the period attributable to:				
<i>Owners of the Company</i>	<i>(8,851)</i>	<i>8,230</i>	<i>(8,851)</i>	<i>8,230</i>
<i>Non-controlling interests</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
	(8,851)	8,230	(8,851)	8,230
Loss per share (Sen)				
a) Basic	(0.63)	(1.24)	(0.63)	(1.24)
b) Diluted	N/A	N/A	N/A	N/A

* Negligible

(The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2021)

PERDANA PETROLEUM BERHAD

(Company No. 372113 - A)

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2022**

STATEMENT OF FINANCIAL POSITION

	(Unaudited) 31-Mar-22 RM'000	(Audited) 31-Dec-21 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	709,520	719,383
Deposits	10,879	10,879
Deferred tax assets	8,153	8,153
	<u>728,552</u>	<u>738,415</u>
CURRENT ASSETS		
Inventories	8,287	4,897
Trade receivables - external parties	18,803	31,046
Trade receivables - related company	12,035	13,310
Other receivables, deposits and prepayments	7,806	2,447
Other receivables - related company	1,007	5,042
Current tax assets	4,457	4,562
Fixed deposits with licensed banks	0	350
Cash and cash equivalents	19,782	23,093
	<u>72,177</u>	<u>84,747</u>
TOTAL ASSETS	<u>800,729</u>	<u>823,162</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	885,198	885,198
Reserves	(367,816)	(358,965)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>517,382</u>	<u>526,233</u>
Non-controlling interests	0	0
TOTAL EQUITY	<u>517,382</u>	<u>526,233</u>
NON-CURRENT LIABILITIES		
Loans and borrowings	45,203	48,941
Other payables - related company	153,358	156,008
Deferred tax liabilities	1,949	1,949
	<u>200,510</u>	<u>206,898</u>
CURRENT LIABILITIES		
Loans and borrowings	18,330	18,768
Trade payables - external parties	25,426	33,413
Other payables- external parties	5,670	5,178
Other payables - related company	33,411	32,672
	<u>82,837</u>	<u>90,031</u>
TOTAL LIABILITIES	<u>283,347</u>	<u>296,929</u>
TOTAL EQUITY AND LIABILITIES	<u>800,729</u>	<u>823,162</u>
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)	0.23	0.24

(The Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2021)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2022

STATEMENT OF CASH FLOWS

	(Unaudited) Period Ended 31-Mar-22 RM'000	(Audited) Year Ended 31-Dec-21 RM'000
Cash flows from operating activities		
Loss before tax	(13,761)	(329,491)
<i>Adjustments for:</i>		
Impairment loss on financial assets	-	11,799
Impairment loss on property, plant and equipment	-	220,012
Depreciation of property, plant and equipment	14,837	129,172
Inventory Written off	-	132
Finance costs	1,849	6,551
Finance income	(5)	(2,346)
Unrealised (gain)/ loss on foreign exchange	(905)	3,544
Operating profit before changes in working capital	<u>2,015</u>	<u>39,373</u>
<i>Changes in working capital:</i>		
Inventories	(3,390)	(2,488)
Trade and other receivables, deposits and prepayments	9,334	(3,030)
Trade and other payables	4,564	12,634
Cash generated from operations	<u>12,523</u>	<u>46,489</u>
Income tax paid	(470)	(2,233)
Net cash from operating activities	<u>12,053</u>	<u>44,256</u>
Cash flows for investing activities		
Interest received	5	849
Purchase of property, plant and equipment	(332)	(4,833)
Net cash used in investing activities	<u>(327)</u>	<u>(3,984)</u>
Cash flows from financing activities		
Repayment of term loan - Islamic	(589)	(2,357)
Repayment of term loan - Commodity Murabahah Financing I	(1,890)	(4,982)
Repayment of secured term loans	(2,272)	(28,859)
Repayment of hire purchase liability	(14)	(5)
Repayment to a related company	(2,270)	(20,430)
Interest paid	(750)	(11,026)
Net cash used in financing activities	<u>(7,785)</u>	<u>(67,659)</u>
Net increase/(decrease) in cash and cash equivalents	3,941	(27,387)
Effect of exchange rate movements	(7,602)	4,308
Cash and cash equivalents at the beginning of the financial period/year	23,443	46,522
Cash and cash equivalents at the end of the financial period/year	<u>19,782</u>	<u>23,443</u>
Cash and cash equivalents		
Deposits placed with licensed banks	-	350
Cash on hand and at banks	19,782	23,093
	<u>19,782</u>	<u>23,443</u>

(The Statement of Cash Flows should be read in conjunction
with the audited financial statements of the Group for the financial year ended 31 December 2021)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							Non-Controlling Interest RM'000	Total Equity RM'000
	Ordinary Share Capital RM'000	Redeemable Convertible Preference Shares RM'000	Other Capital Reserve RM'000	Translation Reserve RM'000	Accumulated losses RM'000	Sub-Total RM'000	Non-distributable		
Financial period ended 31 March 2021 (Unaudited)									
As at 1 January 2022	876,947	8,251	1,635	90,706	(451,306)	526,233	-	526,233	
Total transactions with owners of the Company	76	(76)	-	-	-	-	-	-	
Total comprehensive loss for the period	-	-	-	5,152	(14,003)	(8,851)	-	(8,851)	
Balance as at 31 March 2022	877,023	8,175	1,635	95,858	(465,309)	517,382	-	517,382	
Financial year ended 31 December 2021 (Audited)									
As at 1 January 2021	876,397	8,801	1,635	51,471	(123,039)	815,265	-	815,265	
Total transactions with owners of the Company	550	(550)	-	-	-	-	-	-	
Total comprehensive loss for the year	-	-	-	39,235	(328,267)	(289,032)	-	(289,032)	
Balance as at 31 December 2021	876,947	8,251	1,635	90,706	(451,306)	526,233	-	526,233	

(The Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2021)

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

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2021.

2. Changes in Accounting Policies

2.1 Adoption of Accounting Standards, Amendments, and Interpretations

The significant accounting policies adopted in the preparation of these interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2021, except for the adoption of the following Amendments from 1 January 2022:

MFRS / Amendments / Interpretations	Effective Date
Amendments to MFRS 16, <i>Leases – Covid 19 – Related Rent Concession beyond 30 June 2021</i>	1 April 2021
Amendments to MFRS 1, <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018 -2020)</i>	1 January 2022
Amendments to MFRS 3, <i>Business Combinations – Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 9, <i>Financial Instruments (Annual Improvements to MFRS Standards 2018 – 2020)</i>	1 January 2022

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

MFRS / Amendments / Interpretations	Effective Date
MFRS 17, <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17, <i>Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information</i>	1 January 2023

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2. Changes in Accounting Policies (Cont'd)

2.2 Accounting Standards, Amendments and Interpretations issued but not yet effective (Cont'd)

Amendments to MFRS 101, <i>Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108, <i>Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112, <i>Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10, <i>Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

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

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

3. Qualification of Financial Statements

There was no qualification on the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

4. Seasonal or Cyclical Factors

Due to its synergistic tie-up with Dayang Enterprise Holdings Bhd. (“Dayang”), the ultimate holding company, about one third to a half of the Group’s vessel fleet hired out is chartered to Dayang and the latter’s offshore topside maintenance operations are normally affected by bad weather at the beginning and the end of the year. The utilisation rate of the Group’s vessels which are not chartered to Dayang is similarly affected by bad weather at the beginning and end of the year. This factor has been taken into consideration in the Group’s annual business plan.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, or cash flows during the current quarter and financial year to-date, except for other income/expenses and other comprehensive income/expenses arising from realized / unrealized foreign exchange gain/loss, foreign currency translation of investment in Labuan subsidiaries denominated in US Dollars.

During the current quarter and financial year to-date, other expenses comprise net realized / unrealized foreign exchange loss of RM0.07 million whereas other comprehensive income includes foreign currency translation gain of RM5.1 million respectively.

6. Material Changes in Estimates

There were no material changes in the estimates of amounts reported in the current quarter and financial period to-date. Following the impairment exercise carried-out in Q4 of 2021 and the change of the estimated useful life of Anchor Handling Tug Supply (AHTS), from 25 years to 15 years, the Group incurred lower depreciation charge of RM14.8 million in the current quarter as compared to RM20.0 million for the same period last year.

7. Issuance and Repayment of Debts and Equity Securities

There have been no cancellation, repurchase, resale and repayment of debts and equity securities in the current quarter and financial year to-date other than a conversion of 233,750 Redeemable Convertible Preference Shares ("RCPS") into new ordinary shares at a conversion ratio of 1 RCPS : 1 ordinary share of the Company. The conversion price of RM0.325 per share is the same as the issue price of the RCPS.

The cumulative number of RCPS converted into ordinary shares of the Company since issuance is 1,438,386,742 as at 31 March 2022 and the number of RCPS yet to be converted as at that date is 25,242,457.

8. Dividends Paid

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

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

9. Segmental Information

	Marine Offshore Support Services	
	Current Quarter/ Period-to-date Ended 31-Mar-22 RM'000	Corresponding Quarter/ Period-to-date Ended 31-Mar-21 RM'000
Segment loss	(11,009)	(22,483)
<i>Included in the measure of segment loss are:</i>		
Revenue from external customers	28,815	16,840
Inter-segment revenue	39,240	19,528
Depreciation and amortization	(14,812)	(20,031)
Impairment loss on property, plant and equipment	-	-
Finance costs	(413)	(474)
Finance income	5	73
Unrealised foreign exchange (gain)/loss	(905)	3,057
Segment assets	576,325	972,228
Reconciliation of reportable segment revenues, profit or loss, assets and other material items		
Profit or loss		
Total loss for reportable segments	(11,009)	(22,483)
Other non-reportable segments	(1,865)	(1,800)
Elimination of inter-segment loss	(887)	(3,056)
Consolidated loss before tax	(13,761)	(27,339)

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

9. Segmental Information (Cont'd)

Current Quarter/ Period-to-date Ended 31 March 2022	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000
Total reportable segments	28,815	(14,812)	(413)	5	576,325
Other non-reportable Segments	-	(25)	(1,436)	-	417,983
Elimination of inter- segment transactions or balances	-	-	-	-	(193,579)
Consolidated total	28,815	(14,837)	(1,849)	5	800,729

Corresponding Quarter/ Period-to-date Ended 31 March 2021	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000
Total reportable segments	16,840	(20,031)	(474)	73	972,228
Other non-reportable segments		(7)	(1,627)	12	824,557
Elimination of inter- segment transactions or balances		-	-	-	(657,702)
Consolidated total	16,840	(20,038)	(2,101)	85	1,139,083

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. Revenue

10.1 Disaggregation of Revenue from Contracts with Customers

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers, except for immaterial amounts related to hedge accounting.

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

	Current Quarter Ended 31-Mar-22 RM'000	Corresponding Quarter Ended 31-Mar-21 RM'000
Major service line		
Catering services	110	81
Timing of recognition		
At a point in time	110	81

10.2 Nature of services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms
Catering services	Revenue is recognized 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.

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

The Group periodically reassesses its assets (except for inventories, deferred tax assets and financial assets) to determine whether there is any indication of further impairment to the assets or if there is any reversal of impairment previously provided.

The Group generally adopts value-in-use ("VIU") estimations for the reassessment which entail discounting the estimated future cash flows from the continuing use of its PPE. The Group may, where warranted, commission valuations to be performed by an independent valuer to determine the recoverable amounts of certain vessels based on their fair value less costs of disposal. The recoverable amounts were compared against the carrying amounts of the PPE.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

11. Valuation of Property, Plant and Equipment (“PPE”) (Cont’d)

There were no revaluations of property, plant and equipment during the quarter ended 31 March 2022, after those carried out for the year ended 31 December 2021 (see below for further details). As at 31 March 2022, all major property, plant and equipment were stated at cost less accumulated depreciation and accumulated impairment losses.

For the year ended 31 December 2021, the Group reviewed its vessels for impairment in accordance with MFRS 136, *Impairment of Assets*. The recoverable amounts of the vessels were determined based on the higher of fair value less costs of disposal (“FVLCOD”) and value in use (“VIU”). The Group considered each vessel with vessel parts and drydocking as a cash generating unit (“CGU”). In instances where the impairment loss of vessels was determined based on their FVLCOD, valuations were performed by an independent valuer using the market approach to determine the FVLCOD.

The Group’s accumulated impairment loss for PPE remains at USD76.3 million as at 31 March 2022 and 31 December 2021 (equivalent to RM295.7 million and RM293.8 million respectively), where the difference is attributable to the difference in exchange rate at the reporting dates.

12. Material Events Subsequent to the Reporting Period

There were no material events after the current financial quarter ended 31 March 2022 up to the date of this report which is likely to substantially affect the financial results of the Group.

13. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter ended 31 March 2022.

14. Contingent Liabilities

The following are the contingent liabilities of the Group as at 31 March 2022:

	As at 31-Mar-22	
	Group RM'000	Company RM'000
<u>Contingent liabilities not considered remote</u>		
Corporate guarantees favouring banks for facilities granted to:		
- ultimate holding company	443,700	443,700
- subsidiaries	-	55,604
	<u>443,700</u>	<u>499,304</u>

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

15. Capital Commitments

As at 31 March 2022, the Group has the following capital commitments:

	Current Quarter Ended 31-Mar-22 RM'000	Corresponding Quarter Ended 31-Mar-21 RM'000
Approved but not contracted for	1,956	2,126
Approved and contracted for	11,044	10,874
	13,000	13,000

16. Significant Related Party Transactions

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

Company	Current Quarter Ended 31-Mar-22 RM'000	Corresponding Quarter Ended 31-Mar-21 RM'000
i. Subsidiaries:		
- management fees income	423	378
ii. Related party:		
- interest expense	1,479	1,561
- rental expense	15	15
Group		
i. Related party:		
- vessel charter income	9,330	2,985
- interest expense	1,479	1,561
- rental expense	85	85

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

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

16. Significant Related Party Transactions (Cont'd)

b. Compensation of key management personnel

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

	Current Quarter Ended 31-Mar-22 RM'000	Corresponding Quarter Ended 31-Mar-21 RM'000
Short-term employee benefits	381	230

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
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REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****17. Review of Financial Performance****Current Year Quarter versus Preceding Year Corresponding Quarter**

	Current Quarter Ended 31-Mar-22 RM'000	Corresponding Quarter Ended 31-Mar-21 RM'000	Variance	
			RM'000	%
Revenue	28,815	16,840	11,975	71
Gross Loss	(10,384)	(19,964)	9,580	(48)
Loss Before Interest and Taxation	(11,917)	(25,323)	13,406	(53)
Loss Before Taxation	(13,761)	(27,339)	13,578	(50)
Loss After Taxation	(14,003)	(27,504)	13,501	(49)
Loss Attributable to Ordinary Equity Holders of the Company	(14,003)	(27,504)	13,501	(49)

For the current quarter ended 31 March 2022, the Group has recorded a higher revenue of RM28.8 million and lower loss before tax of RM13.8 million, as compared to a revenue of RM16.8 million and a loss before tax of RM27.3 million in the first quarter of 2021.

The increase in revenue and reduction in gross loss in the current quarter is mainly attributable to higher vessel utilization at 33% as compared to 25% in the first quarter of 2021, mainly on account of revival of work orders and EPCC contracts that were deferred in previous years due to unfavorable oil price. The lower loss before tax of RM13.8 million was due to lower depreciation charges (RM 14.8 million vs RM20.03 million), net realized/unrealized foreign exchange gain of RM0.9 million and net realized/unrealized foreign exchange loss of RM0.07 million (2021: RM 3.2 million). Countering to some extent was the increase in bunkering cost due to the increase in oil price.

The loss after tax in the current quarter was arrived after taking account tax expenses amounting to RM0.2 million (see Note 21).

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REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****18. Financial Review for Current Quarter Compared with Immediate Preceding Quarter**

	Current Quarter Ended 31-Mar-22 RM'000	Corresponding Quarter Ended 31-Dec-21 RM'000	Variance	
			RM'000	%
Revenue	28,815	50,989	(22,174)	(43)
Gross Loss	(10,384)	(54,693)	44,309	(81)
Loss Before Interest and Taxation	(11,917)	(256,340)	244,423	(95)
Loss Before Taxation	(13,761)	(258,056)	244,295	(95)
Loss After Taxation	(14,003)	(261,700)	247,697	(95)
Loss Attributable to Ordinary Equity Holders of the Company	(14,003)	(261,700)	247,697	(95)

The Group recorded a lower revenue of RM28.8 million and a loss before tax of RM13.8 million in the current quarter, as compared to a revenue of RM50.9 million and a loss before tax of RM258.1 million in the preceding quarter.

The bad weather at the beginning of the year (see Note 4) affected vessel utilisation rate, which was at 33% for the first quarter as compared to 51% in the fourth quarter of the previous year, leading to lower revenue for the quarter under review. Despite signs of the industry's recovery with the upward trend in the oil price and relaxation of COVID-19 containment measures, the true impact can only be seen in the second (2nd) and third (3rd) quarter of the year.

The loss before tax recorded in the current quarter has taken into account a net realized/unrealized foreign exchange gain of RM0.9 million, net realized/unrealized foreign exchange loss of RM0.07 million, as compared to an additional allowance for impairment loss on PPE of RM220 million in the preceding quarter. The loss after taxation in the current quarter has taken into account tax expenses amounting to RM0.2 million (see Note 21).

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

19. Prospects

It is encouraging to note that the Group has registered an improved performance, reporting a smaller loss for the first quarter of 2022 as compared to the corresponding quarter in 2021, which is a hopeful sign that the Group has started to turn the corner. The revival of EPCC contracts that have been deferred in previous years due to unfavorable oil price, is expected to contribute positively towards the offshore support vessels businesses.

According to the PETRONAS Activity Outlook for 2022-2024, the prospect of the oil and gas industry in Malaysia looks positive and healthy. With crude oil prices expected to remain reasonably high for 2022, Petronas and its Petroleum Arrangement Contractors companies are expected to undertake their planned capital expenditure, which will eventually benefit companies within the supply chain.

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

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20. Loss for the Quarter / Period

	Current Quarter Ended 31-Mar-22 RM'000	Corresponding Quarter Ended 31-Mar-21 RM'000	Current Period-to- date Ended 31-Mar-22 RM'000	Corresponding Period-to-date Ended 31-Mar-21 RM'000
Loss for the quarter / period is arrived at after charging / (crediting):				
Depreciation of property, plant and equipment	14,837	20,038	14,837	20,038
Impairment loss on property, plant and equipment		-		-
Interest expense	1,849	2,101	1,849	2,101
Interest income	(5)	(85)	(5)	(85)
(Gain) / Loss on foreign exchange:				
- realised	66	95	66	95
- unrealised	(905)	3,057	(905)	3,057

Save for the above, there were no write-off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, other income including investment income and exceptional items for the current quarter and financial period ended 31 March 2022.

21. Taxation

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

	Current Quarter Ended 31-Mar-22 RM'000	Corresponding Quarter Ended 31-Mar-21 RM'000	Current Period-to-date Ended 31-Mar-22 RM'000	Corresponding Period-to-date Ended 31-Mar-21 RM'000
Current tax expense:				
Malaysian - current year	242	165	242	165

Despite the consolidated losses for the current quarter and financial period to-date, the Group still incurs a current tax charge of RM0.2 million as the losses incurred by certain group entities cannot be offset against the taxable profits made by other group entities.

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21. Taxation (Cont'd)

Further to the conclusion of a tax audit conducted for year of assessment (“YA”) 2007 to YA 2010, the Inland Revenue Board (“IRB”) has requested the Company to revise its tax computations for YA2011 and subsequent years. The Company engaged a tax consultant to assist in the matter and assess the tax impacts thereof. In February 2017, the Company responded to the IRB that it disagrees with applying the same computation method used for the earlier tax audit exercise based on reasonable technical grounds. The Company has not received any response from the IRB to its reply of February 2017. On 13 August 2019, the IRB has conducted a tax audit for YA 2011 to YA 2017 and further extended their review to YA 2019. On 31 March 2022, the IRB has issued a letter of closure indicating the tax audit is resolved with no additional tax payable and tax penalty.

Separately on 28 August 2019, the IRB has requested one of the group entities to furnish documents relating to YA 2015 to YA 2017. The Group has engaged a tax consultant to assist in the matter and has responded to the IRB’s request. This tax audit has resulted in a voluntary tax adjustment of RM2.2 million for YA 2016.

In addition to the above, the IRB has:

- (a) on 22 April 2021, written to seek clarification on certain asset transfers between group entities and the Group had since replied to the IRB. On 13 August 2021, the IRB has responded with their view and stance on the tax treatment of the asset transfers and the tax consultant had assisted to write an appeal to the IRB to rebut the IRB’s view; and
- (b) conducted transfer pricing tax audits of several subsidiaries of the Group for years of assessment varying from YA 2012 to YA 2017. The tax consultant has responded to the IRB on its enquiries arising from the audits.

Subsequently, the IRB has agreed, as settlement of the tax audits, to a tax adjustment and to offset it against the unutilized business losses and capital allowance of a subsidiary for YAs 2013 to 2019. The IRB has issued a non-chargeability notice to the affected group entities on 15 December 2021. Other than the aforementioned tax adjustment, there are no additional tax payable and tax penalty arising from the said tax audits.

All the tax audit as enumerated above have now been resolved and the resultant tax adjustment incorporated in the group financial statements.

22. Corporate Proposals

There were no corporate proposals announced but not completed as at 11 May 2022, being the latest practicable date not earlier than 7 days from the date of issue of this interim report.

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23. Borrowings

Total Group's borrowings as at 31 March 2022 were as follows:

	As at Current Period Ended 31-March-2022					
	Non-current		Current		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
- Term loans	9,019	37,936	3,784	15,914	12,803	53,850
- Islamic facility	-	7,028	-	2,357	-	9,385
- Finance lease	-	239	-	59	-	298
Total	9,019	45,203	3,784	18,330	12,803	63,533

Exchange rate (USD: MYR) at USD1: MYR4.2060 (Source of reference: Bank Negara Malaysia website)

Total Group's borrowings as at 31 December 2021 were as follows:

	As at Current Period Ended 31-Dec-2021					
	Non-current		Current		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
- Term loans	9,830	41,070	3,914	16,353	13,744	57,424
- Islamic facility	-	7,617	-	2,357	-	9,974
- Finance lease	-	253	-	58	-	311
Total	9,830	50,063	3,914	18,768	13,744	67,709

Exchange rate (USD: MYR) at USD1: MYR4.178 (Source of reference: Bank Negara Malaysia website)

As at 31 March 2022, the total outstanding borrowings is RM63.5 million as compared to RM67.7 million as at 31 December 2021.

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

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24. Material Litigations

Save as disclosed below, the Company and/or its subsidiaries are not presently engaged in any material litigation, material claim and arbitration either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Company and/or its subsidiaries or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of the Company and/or its subsidiaries.

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

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

On 27 June 2019, the Company filed a notice of appeal to the Court of Appeal against the decision made by the High Court. The Company's solicitors attended court on 13 August 2019 for case management and updated the court on the current progress of the appeal. This matter came up for e-review on 30 October 2019 before the Deputy Registrar of the Court of Appeal. The Court of Appeal was informed that the Company had 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.

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24. Material Litigations (Cont'd)

The Court of Appeal Order and the Certificate of Allocator were sealed and perfected by the Registry of the Court of Appeal on 4 October 2021 upon issuance of the sealed Order and Certificate of Allocator. Upon the extraction of the court sealed documents, the Company's solicitors proceeded to demand for refund / payment of the sums due under the Court Order and the Certificate of Allocator together with RM30,000 costs granted by the Court of Appeal through the Plaintiff's solicitor. However, the Plaintiffs failed and/or refused to refund the sums due under the Court of Appeal Order. The Plaintiff's solicitors wrote to the Company's solicitors on 5 November 2021 enquiring as to whether the Company could withhold the execution of the Court of Appeal Order pending disposal of the Plaintiff's application for leave to appeal to the Federal Court filed on 15 September 2021. The Company's solicitors responded in the negative. The Plaintiff's leave application in the Federal Court was fixed for hearing on 18 February 2022 and all the relevant cause papers had been filed in court.

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

The leave application in the Federal Court proceeded as scheduled on 12 May 2022. The Federal Court allowed the Plaintiffs' leave application to appeal to the Federal Court with costs in the cause. With this, the Plaintiffs are allowed to file their notice of appeal to the Federal Court within 14 days from 12 May 2022 and proceed to file the record of appeal in the manner that will be directed by the Federal Court. 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.

In relation to the bankruptcy notices, the Plaintiff have been evading service as the bankruptcy notices needs to be served personally despite the solicitors trying to make an appointment to serve the said notice. The solicitors are currently applying to court have the notices served by substituted service by advertising in the local newspapers and sending a copy of the notice by Acknowledgement of Receipt Registered post to the last known address as per the NRIC searches conducted on the Plaintiffs.

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25. Proposed Dividends

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

No dividend was declared or paid for the financial year ended 31 December 2021.

26. Loss Per Share

a) Basic

	Current Quarter Ended 31-Mar-22	Corresponding Quarter Ended 31-Mar-21	Current Period-to-date Ended 31-Mar-22	Corresponding Period-to-date Ended 31-Mar-21
Net loss attributable to shareholders (RM'000)	(14,003)	(27,504)	(14,003)	(27,504)
Number of ordinary shares at the beginning of the quarter/period	2,216,623,941	2,214,925,086	2,216,623,941	2,214,925,086
Effect of conversion of RCPS to ordinary shares	38,555	373,147	38,555	373,147
Weighted average number of ordinary shares in issue	2,216,662,496	2,215,298,233	2,216,662,496	2,215,298,233
Basic loss per ordinary share (Sen)	(0.63)	(1.24)	(0.63)	(1.24)

b) Diluted

The Company has on 31 December 2019 issued and allotted 1,463,629,199 RCPS that are convertible into new ordinary shares in the Company (see Note 7). As at the financial period ended 31 March 2022, only 25,242,457 RCPS have yet to be converted into ordinary shares. Diluted loss per share to account for the effect of conversion of the remaining RCPS into ordinary shares, which is anti-dilutive, has not been computed.

By Order of the Board

*Jamalludin Bin Obeng
Managing Director*

Date: 18 May 2022