PERDANA PETROLEUM BERHAD

Company No. 372113-A
(Incorporated in Malaysia)

Interim Report for the Quarter Ended 30 June 2019

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

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Current Quarter Ended 30-Jun-19 RM'000	Corresponding Quarter Ended 30-Jun-18 RM'000	Current Period-to-date Ended 30-Jun-19 RM'000	Corresponding Period-to-date Ended 30-Jun-18 RM'000
Revenue	62,842	47,587	88,544	64,363
Cost of services	(50,688)	(38,669)	(94,975)	(76,463)
Gross profit/(loss)	12,154	8,918	(6,431)	(12,100)
Other income	3,422	26,743	5,213	28,265
Administrative expenses	(5,639)	(3,099)	(8,178)	(5,515)
Other expenses	(1,523)	(7,221)	(1,602)	(37,065)
Results from operating activities	8,414	25,341	(10,998)	(26,415)
Finance costs	(13,193)	(14,298)	(26,456)	(28,592)
(Loss)/Profit before tax	(4,779)	11,043	(37,454)	(55,007)
Taxation	(662)	(946)	(928)	(1,551)
(Loss)/Profit for the period	(5,441)	10,097	(38,382)	(56,558)
Other comprehensive income/(expenses)				
Foreign currency translation	*16,049*	*19,246*	*732*	*(3,996)*
Cash flow hedge	-	*(37)*	*(78)*	*(74)*
Total comprehensive income/(expenses) for the period attributable to Owners of the Company	*10,608*	*29,306*	*(37,728)*	*(60,628)*
(Loss)/Profit for the period attributable to:				
Owners of the Company	(5,440)	10,098	(38,381)	(56,557)
Non-controlling interests	(1)	(1)	(1)	*(1)*
	(5,441)	10,097	(38,382)	(56,558)
Total comprehensive income/(expense) for the period attributable to:				
Owners of the Company	*10,610*	*29,308*	*(37,728)*	*(60,629)*
Non-controlling interests	*(2)*	*(2)*	- *	*1*
	10,608	*29,306*	*(37,728)*	*(60,628)*
(Loss)/Profit per share (Sen)				
a) Basic	(0.70)	1.30	(4.93)	(7.27)
b) Diluted	(0.70)	1.30	(4.93)	(7.27)

**** Negligible***

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

PERDANA PETROLEUM BERHAD

(Company No. 372113 - A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2019

STATEMENT OF FINANCIAL POSITION

	(Unaudited) 30-Jun-19 RM'000	(Audited) 31-Dec-18 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,173,847	1,208,043
Refundable deposits	-	46,043
Deferred tax assets	25,559	25,559
Derivative asset	-	78
	1,199,406	1,279,723
CURRENT ASSETS		
Inventories	2,040	2,408
Trade receivables - external parties	31,983	24,604
Trade receivables - related company	16,578	22,354
Refundable deposits	46,943	-
Other receivables, deposits and prepayments	6,254	6,532
Current tax assets	2,265	2,771
Cash and cash equivalents	18,021	36,545
	124,084	95,214
TOTAL ASSETS	1,323,490	1,374,937
EQUITY AND LIABILITIES		
EQUITY		
Share capital	411,219	411,219
Reserves	11,758	49,486
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	422,977	460,705
Non-controlling interests	136	136
TOTAL EQUITY	423,113	460,841
NON-CURRENT LIABILITIES		
Deferred tax liabilities	3,437	3,437
	3,437	3,437
CURRENT LIABILITIES		
Loans and borrowings	547,400	633,252
Trade payables - external parties	26,215	34,982
Other payables - external parties	42,205	35,712
Other payables - related company	280,864	206,713
Current tax liabilities	256	-
	896,940	910,659
TOTAL LIABILITIES	900,377	914,096
TOTAL EQUITY AND LIABILITIES	1,323,490	1,374,937
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)	0.54	0.59

(The Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018)

PERDANA PETROLEUM BERHAD

(Company No. 372113 - A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2019

STATEMENT OF CASH FLOWS

	(Unaudited) Period Ended 30-Jun-19 RM'000	(Audited) Year Ended 31-Dec-18 RM'000
Cash flows from operating activities		
Loss before tax	(37,454)	(38,921)
Adjustments for:		
Reversal of impairment loss on property, plant and equipment	(2,818)	(6,705)
Impairment loss on receivables	-	297
Depreciation of property, plant and equipment	40,535	80,282
Interest expense	26,456	56,509
Interest income	(1,295)	(2,526)
Unrealised loss on foreign exchange	335	5,828
Operating profit before changes in working capital	25,759	94,764
Changes in working capital:		
Inventories	368	(54)
Trade and other receivables, deposits and prepayments	(1,594)	(25,787)
Trade and other payables	(27,392)	11,020
Cash (used in)/generated from operations	(2,859)	79,943
Income tax paid	(166)	(3,333)
Net cash (used in)/from operating activities	(3,025)	76,610
Cash flows for investing activities		
Interest received	426	1,418
Purchase of property, plant and equipment	(3,001)	(14,063)
Withdrawal of fixed deposits pledged	1,661	49,612
Net cash (used in)/from investing activities	(914)	36,967

PERDANA PETROLEUM BERHAD

(Company No. 372113 - A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2019

STATEMENT OF CASH FLOWS

	(Unaudited) Period Ended 30-Jun-19 RM'000	(Audited) Year Ended 31-Dec-18 RM'000
Cash flows from financing activities		
Net advances from a related company	-	56,000
Repayment of sukuk bonds	-	(90,000)
Repayment of term loans	-	(16,389)
Repayment of revolving credit	-	(4,000)
Repayment of finance lease liability obligations	-	(4,335)
Interest paid	(1,269)	(12,825)
Coupon paid	(10,881)	(23,794)
Net cash used in financing activities	(12,150)	(95,343)
Net (decrease)/increase in cash and cash equivalents	(16,089)	18,234
Effect of exchange rate movements	(775)	(9,081)
Cash and cash equivalents at the beginning of the financial period/year	30,462	21,309
Cash and cash equivalents at the end of the financial period/year	13,598	30,462
Cash and cash equivalents		
Deposits placed with licensed banks	10,261	33,769
Cash on hand and at banks	7,760	2,776
	18,021	36,545
Less: Deposits pledged as security	(4,423)	(6,083)
	13,598	30,462

**(The Statement of Cash Flows should be read in conjunction
with the audited financial statements of the Group for the financial year ended 31 December 2018)**

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

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2019

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	[-------------------------------- *Non-distributable*			---------------- *Distributable*					
	Share Capital RM'000	Cash Flow Hedge Reserve RM'000	Other Capital Reserve RM'000	Translation Reserve RM'000	Retained Profits/ (Accumulated losses) RM'000	Sub-Total RM'000	Non-Controlling Interest RM'000		Total Equity RM'000
Financial period ended 30 June 2019 (Unaudited)									
As at 1 January 2019	411,219	78	1,635	82,377	(34,604)	460,705	136		460,841
Total comprehensive expense for the period	-	(78)	-	731	(38,381)	(37,728)	-	*	(37,728)
Balance as at 30 June 2019	411,219	-	1,635	83,108	(72,985)	422,977	136		423,113
Financial year ended 31 December 2018 (Audited)									
As at 1 January 2018	411,219	233	1,635	75,090	6,306	494,483	136		494,619
Total comprehensive expense for the year	-	(155)	-	7,287	(40,910)	(33,778)	-	*	(33,778)
Balance as at 31 December 2018	411,219	78	1,635	82,377	(34,604)	460,705	136		460,841

**** Negligible***

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation

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

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2018.

2. Changes in Accounting Policies

2.1 Adoption of Accounting Standards, Amendments and Interpretations

The significant accounting policies adopted in the preparation of these interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2018, except for the adoption of the following Accounting Standards, Amendments and Interpretations from 1 January 2019:

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

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

2. Changes in Accounting Policies (Cont'd)

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

MFRS / Amendments / Interpretations	Effective Date
Amendments to MFRS 3, *Business Combinations – Definition of Business*	1 January 2020
Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*	1 January 2020
MFRS 17, *Insurance Contracts*	1 January 2021
Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

The Group plans to apply from the annual period beginning on 1 January 2020, those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2020.

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

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

3. Qualification of Financial Statements

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

4. Seasonal or Cyclical Factors

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, or cash flows during the current quarter and financial period to-date, except for other income/expenses and other comprehensive income/expenses arising from realised/unrealised foreign exchange gain/loss and foreign currency translation of investment in Labuan subsidiaries denominated in US Dollars, reversal of impairment loss on property, plant and equipment ("PPE") as well as an accrued legal expenses.

During the current quarter and financial period to-date, the other expenses comprise unrealised foreign exchange loss of RM1.4 million and RM0.3 million respectively whereas the other comprehensive income include foreign currency translation gain of RM16.0 million and RM0.7 million respectively.

In addition, the Group has made a reversal of impairment loss on PPE of USD0.7 million (equivalent to RM2.8 million) (see Note 11) as well as an accrual of legal expenses of RM2.6 million (see Note 24) during the quarter under review and financial period to-date.

6. Material Changes in Estimates

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

7. Issuance and Repayment of Debts and Equity Securities

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

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

8. Dividends Paid

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

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

9. Segmental Information

9.1 Segment Results for the Current Quarter versus Corresponding Quarter

	Marine Offshore Support Services	
	Current Quarter Ended 30-Jun-19 RM'000	Corresponding Quarter Ended 30-Jun-18 RM'000
Segment profit/(loss)	10,681	(9,367)
Included in the measure of segment profit/(loss) are:		
Revenue from external customers	62,842	47,587
Inter-segment revenue	79,852	79,276
Depreciation and amortization	(20,357)	(19,811)
Finance costs	(2,760)	(10,590)
Reversal/(Impairment) of property, plant and equipment	2,818	(7,092)
Unrealised foreign exchange gain/(loss)	124	(1)

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

Profit or loss		
Total profit / (loss) for reportable segments	10,681	(9,367)
Other non-reportable segments	(13,963)	(4,321)
Elimination of inter-segment (loss) / profit	(1,497)	24,731
Consolidated (loss) / profit before tax	(4,779)	11,043

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

9. Segmental Information (Cont'd)

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

Current Quarter Ended 30 June 2019	**External revenue RM'000**	**Depreciation and amortisation RM'000**	**Finance costs RM'000**
Total reportable segments	62,842	(20,357)	(2,760)
Other non-reportable segments	-	(32)	(10,433)
Elimination of inter-segment transactions or balances	-	-	-
Consolidated total	62,842	(20,389)	(13,193)

Corresponding Quarter Ended 30 June 2018	**External revenue RM'000**	**Depreciation and amortisation RM'000**	**Finance costs RM'000**
Total reportable segments	47,587	(19,812)	(10,590)
Other non-reportable segments	-	(46)	(10,867)
Elimination of inter-segment transactions or balances	-	-	7,159
Consolidated total	47,587	(19,858)	(14,298)

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

9. Segmental Information (Cont'd)

9.2 Segment Results and Assets for the Current Period versus Corresponding Period

	Marine Offshore Support Services	
	Current Period-to-date Ended 30-Jun-19 RM'000	Corresponding Period-to-date Ended 30-Jun-18 RM'000
Segment loss	(12,246)	(41,743)
Included in the measure of segment loss are:		
Revenue from external customers	88,544	64,363
Inter-segment revenue	144,807	140,833
Depreciation and amortization	(40,470)	(39,450)
Finance costs	(5,844)	(21,168)
Reversal/(Impairment) of property, plant and equipment	2,818	(7,092)
Unrealised foreign exchange gain/(loss)	122	(3)
Segment assets	1,245,721	1,310,014

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

Profit or loss		
Total loss for reportable segments	(12,246)	(41,743)
Other non-reportable segments	(24,751)	(8,583)
Elimination of inter-segment loss	(457)	(4,681)
Consolidated loss before tax	(37,454)	(55,007)

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

9. Segmental Information (Cont'd)

9.2 Segment Results and Assets for the Current Period versus Corresponding Period (Cont'd)

As at 30 June 2019	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Segment assets RM'000
Total reportable segments	88,544	(40,470)	(5,844)	1,245,721
Other non-reportable segments	-	(65)	(20,612)	893,991
Elimination of inter-segment transactions or balances	-	-	-	(816,222)
Consolidated total	88,544	(40,535)	(26,456)	1,323,490

As at 30 June 2018	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Segment assets RM'000
Total reportable segments	64,363	(39,450)	(21,168)	1,310,014
Other non-reportable segments	-	(96)	(21,742)	930,847
Elimination of inter-segment transactions or balances	-	-	14,318	(926,404)
Consolidated total	64,363	(39,546)	(28,592)	1,314,457

10. Revenue

10.1 Disaggregation of Revenue

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

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

	Current Quarter Ended 30-Jun-19 RM'000	Corresponding Quarter Ended 30-Jun-18 RM'000
Major service line		
Vessel charter income	60,512	46,773
Others	2,330	814
	62,842	47,587
Timing of recognition		
Over time	60,512	46,773
At a point in time	2,330	814
	62,842	47,587

10.2 Nature of services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms
Charter of vessels	Revenue is recognised over time as and when the charter services are performed using the cost incurred method.	Credit periods of 30 to 45 days from invoice date.

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

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

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

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

For the current financial quarter ended 30 June 2019, the Group has made a reversal of impairment loss on PPE of USD0.7 million (equivalent to RM2.8 million). The Group's accumulated impairment loss has decreased from USD12.5 million (equivalent to RM51.7 million) as at 31 December 2018 to USD11.8 million (equivalent to RM48.9 million) as at 30 June 2019.

12. Material Events Subsequent to the Reporting Period

There were no material events subsequent to the current financial quarter ended 30 June 2019 up to the date of this report which is likely to substantially affect the financial results of the Group.

13. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter ended 30 June 2019.

14. Contingent Liabilities

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

	As at 30-Jun-19	
	Group RM'000	Company RM'000
Unsecured:-		
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	-	193,319

Further to the conclusion of a tax audit conducted for year of assessment ("YA") 2007 to YA 2010, the Inland Revenue Board ("IRB") has requested the Group to revise its tax computations for YA2011 and subsequent years. The Group engaged a tax consultant to assist in the matter and assess the tax impacts thereof. In February 2017, the Group responded to the IRB that it disagrees with applying the same computation method used for the earlier tax audit exercise based on reasonable technical grounds. The Group may need to provide for additional tax payable, if any, arising from any revision of the tax computations for YA2011 and subsequent years, the outcome of which cannot be ascertained at this present stage. As at the latest practicable date of 16 August 2019, the Group has not received any response from the IRB to its reply of February 2017.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

15. Capital Commitments

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

16. Significant Related Party Transactions

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

Company	Current Quarter Ended 30-Jun-19 RM'000	Corresponding Quarter Ended 30-Jun-18 RM'000
i. Subsidiaries:		
- rental income	-	44
- management income	369	381
- interest income	-	7,159
ii. Related party:		
- interest expense	3,690	2,660
- rental expense	15	-
Group		
i. Related party:		
- vessel charter income	25,317	33,714
- interest expense	3,690	2,730
- rental expense	85	-

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

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 30-Jun-19 RM'000	Corresponding Quarter Ended 30-Jun-18 RM'000
Short-term employee benefits	264	223

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

17. Review of Financial Performance

Current Year Quarter versus Preceding Year Corresponding Quarter

	Current Quarter Ended 30-Jun-19 RM'000	Corresponding Quarter Ended 30-Jun-18 RM'000	Variance RM'000	Variance %
Revenue	62,842	47,587	15,255	32
Profit Before Interest and Taxation	8,414	25,341	(16,927)	(67)
(Loss)/Profit Before Taxation	(4,779)	11,043	(15,822)	(143)
(Loss)/Profit After Taxation	(5,441)	10,097	(15,538)	(154)
(Loss)/Profit Attributable to Ordinary Equity Holders of the Parent	(5,440)	10,098	(15,538)	(154)

For the current quarter ended 30 June 2019, the Group has recorded a higher revenue of RM62.8 million and a loss before tax of RM4.8 million, as compared to a revenue of RM47.6 million and a profit before tax of RM11.0 million in the second quarter of 2018.

The increase in revenue achieved in the current quarter is mainly attributable to higher vessel utilisation at 79% as compared to 70% in the second quarter of 2018. Despite the increase in revenue, the loss before tax of RM4.8 million in the current quarter is arrived at, after taking into account a reversal of impairment loss on PPE of RM2.8 million, legal expenses of RM2.6 million as well as a net realised/unrealised foreign exchange loss of RM1.4 million, as compared to a net realised/unrealised foreign exchange gain of RM25.8 million that have been provided in the corresponding quarter resulting in a profit before tax of RM11.0 million for that period. The loss after tax in the current quarter has taken into account tax expenses amounting to RM0.7 million (see Note 21).

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

17. Review of Financial Performance (Cont'd)

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

	Current Period-to-date Ended 30-Jun-19 RM'000	Corresponding Period-to-date Ended 30-Jun-18 RM'000	Variance RM'000	%
Revenue	88,544	64,363	24,181	38
Loss Before Interest and Taxation	(10,998)	(26,415)	15,417	58
Loss Before Taxation	(37,454)	(55,007)	17,553	32
Loss After Taxation	(38,382)	(56,558)	18,176	32
Loss Attributable to Ordinary Equity Holders of the Parent	(38,381)	(56,557)	18,176	32

For the financial period ended 30 June 2019, the Group recorded a higher revenue of RM88.5 million and a loss before taxation of RM37.6 million as compared to the revenue of RM64.4 million and loss before taxation of RM55.0 million for the previous period ended 30 June 2018.

The increase in revenue is mainly due to higher vessel utilization at 57% for the financial period ended 30 June 2019, as compared to 48% in the corresponding period ended 30 June 2018, resulting from the improved work orders/contracts awarded from oil majors in the second quarter of 2019. The Group recorded a lower loss before taxation for the financial period ended 30 June 2019 which is mainly attributed to a lower net realised/unrealised foreign exchange loss of RM0.4 million and a reversal of impairment loss on PPE of RM2.8 million, as compared to a net realised/unrealised foreign exchange loss of RM2.7 million as well as an impairment loss on property, plant and equipment of RM7.1 million in the preceding period.

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

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

	Current Quarter Ended 30-Jun-19 RM'000	Preceding Quarter Ended 31-Mar-19 RM'000	Variance RM'000	%
Revenue	62,842	25,702	37,140	145
Profit/(Loss) Before Interest and Taxation	8,414	(19,412)	27,826	143
Loss Before Taxation	(4,779)	(32,675)	27,896	85
Loss After Taxation	(5,441)	(32,941)	27,500	83
Loss Attributable to Ordinary Equity Holders of the Parent	(5,440)	(32,941)	27,501	83

The Group recorded a revenue of RM62.8 million and a loss before tax of RM4.8 million in the current quarter, as compared to a revenue of RM25.7 million and a loss before tax of RM32.7 million in the preceding quarter.

The significant increase in revenue in the current quarter is mainly due to higher vessel utilisation at 79% as compared to 36% in the first quarter of 2019. The higher vessel utilisation is a result of improved work orders/contracts awarded from the oil majors during the second quarter of 2019. In addition, the loss before tax in the current quarter has taken into account a reversal of impairment loss on PPE of RM2.8 million, legal expenses of RM2.6 million as well as a net realised/unrealised foreign exchange loss of RM1.4 million, as compared to a net realised/unrealised foreign exchange gain of RM1.1 million in the preceding quarter.

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

19. Prospects

After the seasonally slow start at the beginning of the year, our second quarter of 2019 has shown marked improvement in chartering activities, resulting in a significant increase in our quarterly revenue (+145% quarter-on-quarter, +32% year-on-year). We are pleased that we have achieved our best second-quarter revenue since 2015 which further reinforces our view that the offshore support vessel market is on the cusp of a sustained recovery.

Our vessel utilization rose sharply to 79% during the quarter, as compared to 36% in the first quarter of 2019 and 70% in the second quarter of 2018. Correspondingly, our gross profit for the quarter has fared much better, reflecting the improved underlying operational performance which excludes the impact of any exceptional items in the financial statements.

We believe that the business environment in the second half of 2019 will be better given the higher number of vessels that have either been earmarked for Dayang’s offshore maintenance and hook-up contracts with various oil majors where activities are already projected to be ramping higher or on contracted charters with oil majors directly. In addition, we are hopeful that the tightening vessel supply will yield stronger charter rates which will be a boost to our financial performance.

We now strongly believe 2019 will be an inflection point for Perdana to turn around the business after weathering various challenges over the past few years. We are confident that our streamlined operations and the synergistic collaboration with Dayang group coupled with the various on-going restructuring and corporate exercises will propel Perdana towards better times and to emerge a stronger company by 2020.

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

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

	Current Quarter Ended 30-Jun-19 RM'000	Corresponding Quarter Ended 30-Jun-18 RM'000	Current Period-to-date Ended 30-Jun-19 RM'000	Corresponding Period-to-date Ended 30-Jun-18 RM'000
(Loss) / Profit for the quarter / period is arrived at after charging / (crediting):				
(Reversal)/Impairment loss on property, plant and equipment	(2,818)	7,092	(2,818)	7,092
Depreciation of property, plant and equipment	20,389	19,858	40,535	39,546
Interest expense	13,193	14,298	26,456	28,592
Impairment loss on receivables	-	-	-	297
Interest income	(600)	(698)	(1,295)	(1,590)
(Gain) / Loss on foreign exchange:				
- realised	64	(1,041)	16	(1,943)
- unrealised	1,374	(24,732)	335	4,685

Save for the above, there were no write off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, other income including investment income and exceptional items for the current quarter and financial period ended 30 June 2019.

21. Taxation

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

	Current Quarter Ended 30-Jun-19 RM'000	Corresponding Quarter Ended 30-Jun-18 RM'000	Current Period-to-date Ended 30-Jun-19 RM'000	Corresponding Period-to-date Ended 30-Jun-18 RM'000
Current tax expense:				
Malaysian - current year	662	946	928	1,551

Despite the consolidated losses for the current quarter and financial period to-date, the Group still incurs a current tax charge of RM0.7 million and RM0.9 million respectively as the losses incurred by certain group entities cannot be offset against the taxable profits made by other group entities.

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

22. Corporate Proposals

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

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

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

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

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

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

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

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

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

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

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

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

22. Corporate Proposals (Cont'd)

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

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

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

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

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

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

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

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

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

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

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

22. Corporate Proposals (Cont'd)

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

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

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

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

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

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

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

22. Corporate Proposals (Cont'd)

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

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

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

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

(iii) Proposed Acquisition of Mount Santubong Ltd

On 23 May 2019, the Company's wholly owned subsidiary, Perdana Jupiter Ltd ("PJL") has entered into a Share Sale Agreement ("SSA") with NFC Shipping Fund C LLC ("NFC") to acquire 2,650,000 ordinary shares ("Sale Shares"), representing the entire issued and paid-up share capital of USD2,706,400 in Mount Santubong Ltd ("MSL") from NFC for a total cash consideration of USD1.00 or approximately RM4.18 ("Purchase Consideration") ("Proposed Acquisition").

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

22. Corporate Proposals (Cont'd)

(iii) Proposed Acquisition of Mount Santubong Ltd (Cont'd)

The Purchase Consideration was arrived at on a willing buyer-willing seller basis after taking into consideration the following:

(a) NFC's intention to exit the offshore service vessel segment as part of their global business strategy;

(b) the net assets of MSL of USD8.57 million based on its latest unaudited financial statement for the financial year ended 31 December 2018;

(c) the net loss of MSL of USD2.13 million based on the unaudited financial statement for year ended 31 December 2018;

(d) the lease arrangement between PJL and MSL where PJL still has an amount outstanding of USD20.41 million to MSL upon exercising the option to purchase the two vessels; and

(e) the outstanding loan amount of USD15.15 million owing by MSL to United Overseas Bank Limited, Labuan Branch.

The Proposed Acquisition forms part of the CDRC scheme undertaken by the Company. The two vessels currently owned by MSL are leased to PJL with an option to purchase and the outstanding borrowings for the purposes of financing the two vessels are currently being restructured. In view that the existing borrowings in MSL will be restructured and coupled with the fact that the two vessels will eventually be owned by PJL to generate future revenue and cashflows, the Group is optimistic that the Proposed Acquisition will improve its financial position. This initiative is in line with the Group's strategy to streamline its operations and optimise its financial resources to focus on and proactively enhance its offshore marine support services segment. The ramp-up of work orders and the increase in charter contracts currently experienced by the Group will bode well for the Group's vessel utilisation, including the two vessels currently owned by MSL.

On 8 July 2019, the Company announced that all the conditions precedent in the SSA entered have been fulfilled and the Proposed Acquisition was completed. MSL has effectively became a wholly owned subsidiary of PJL on 5 July 2019.

Save for the above, there were no other corporate proposals announced but not completed as at 16 August 2019, being the latest practicable date not earlier than 7 days from the date of issue of this interim report.

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

23. Borrowings

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

	As at Current Period Ended 30-Jun-2019					
	Non-current		Current		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
- Sukuk	-	-	-	352,559	-	352,559
- Term loans	-	-	16,424	68,053	16,424	68,053
- Finance lease liabilities	-	-	30,117	124,788	30,117	124,788
Unsecured						
- Revolving credit	-	-	-	2,000	-	2,000
Total	-	-	46,541	547,400	46,541	547,400

Exchange rate (USD: MYR) at USD1: MYR4.1435

Source of reference: Bank Negara Malaysia website

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

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

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

Source of reference: Bank Negara Malaysia website

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

23. Borrowings (Cont'd)

As at 30 June 2019, the total outstanding borrowings is RM547.4 million as compared to RM633.3 million as at 31 December 2018. Effective 2 July 2018, upon the issuance of the Standstill Letter by CDRC [refer Note 22(i)], the Group has not made any principal repayment that has fallen due up to 30 June 2019.

In addition, the Group has not met certain covenants of two term loans and the Sukuk bond with a total carrying amount of RM395.8 million as at 30 June 2019. As a result, the non-current portions of these term loans and Sukuk bond of RM269.8 million remained being classified as current liabilities as at 30 June 2019.

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

24. Material Litigations

Save for the following, there were no material litigations involving the Group since the last financial year ended 31 December 2018 up to 16 August 2019, being the latest practicable date not earlier than 7 days from the date of issue of this interim report.

On 22 June 2011, the Company filed a suit in the High Court against Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra, Wong Fook Heng, Tiong Young Kong, Lee Mee Jiong, TA Securities Holdings Berhad ("TASB"), Yap Hock Heng and TA First Credit Sdn Bhd ("TAFC") to claim for losses and damages suffered by the Company in respect of, inter alia, the divestment of 10,500,000 ordinary shares of RM0.50 each in Petra Energy Berhad ("PEB") by the Company on 10 September 2009 and the divestment of 48,800,000 ordinary shares of RM0.50 each in PEB by the Company as conducted by TA Securities Holdings Berhad and Yap Hock Heng on 11 December 2009.

This suit was mounted on several causes of action, including breaches of fiduciary and statutory duties, accessory liability and conspiracy and the Company was seeking from the High Court, various declaratory reliefs, damages (general and/or fiduciary and/or aggravated) to be assessed, interest, account and disgorgement and costs.

On 7 September 2012, the Company filed notices of discontinuance pursuant to a negotiated settlement with TASB, Yap Hock Heng and TAFC, with no admission of liability and with no liberty to file afresh. In this connection, TASB had also agreed to discontinue their suit against the Company in relation to a claim of approximately RM2.8 million as placement fees due to them ("TASB Suit") with no admission of liability and with no liberty to file afresh. With the discontinuance of the TASB Suit, the Company had reversed the provisions made earlier.

24. Material Litigations (Cont'd)

The trial at the High Court ended on 26 April 2013 and oral submissions by respective counsels were made on 21 November 2013 and 28 November 2013. On 21 March 2014, the Company announced that the High Court gave its decision that the Company was unsuccessful in the Suit. On 17 April 2014, the Company filed a Notice of Appeal to the Court of Appeal on the decision of the Suit.

On 9 September 2014, the High Court made a decision on costs and ordered the Company to pay the Defendant Parties, a total cost of RM841,731. The High Court also ordered Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra to pay the Company the sum of RM192,780 with post judgement interest calculated at 5% per annum starting from 22 March 2014 ("Judgement Sum"). The earnings of the Group for the year ended 31 December 2014 was reduced by the differential sum of the total cost payable and the judgement sum receivable.

On 2 December 2014, the Court of Appeal fixed the hearing of the Appeal. This was subsequently adjourned and fixed to be heard on 11 March 2015.

The Appeal was heard on 11 March 2015 and 25 March 2015.

On 25 August 2015, the Company announced that the Court of Appeal had made the following judgements:

(i) the Company's appeal was allowed with costs against Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra, Wong Fook Heng and Tiong Young Kong;

(ii) the Company's appeal was dismissed with costs against Lee Mee Jiong; and

(iii) Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra's cross appeal was dismissed with costs.

On 23 September 2015, the Company received the Notices of Motion from the solicitors of Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra, Wong Fook Heng and Tiong Young Kong respectively, to apply for leave to appeal to the Federal Court against the decision of the Court of Appeal on 25 August 2015.

The Federal Court had on 1 March 2016 allowed the leave applications by the Applicants and the Applicants proceeded with the filing of the appeal papers for Case Management.

On 10 October 2016, Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra's, Wong Fook Heng's and Tiong Young Kong's appeals against the Company were partially heard by the Federal Court. The Federal Court fixed 18 October 2016 for the continued hearing which however did not take place on the said date. The Federal Court subsequently fixed 16 November 2016 as the continued hearing date.

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

24. Material Litigations (Cont'd)

However, on 8 November 2016, the Federal Court via a letter informed all the parties that the continued hearing scheduled on 16 November 2016 was converted to a Case Management and the new continued hearing date was fixed on 2 February 2017.

On 2 February 2017, the Federal Court had heard all of the parties for the continued hearing and deferred the decision to a later date.

On 14 December 2017, the Federal Court had unanimously allowed both of Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra and Wong Fook Heng & Tiong Young Kong's appeals ("the Appellants"), with costs in the amount of RM60,000 subject to 4% allocator for each appeal, to be paid by the Company to the Appellants. The Federal Court also held that the Court of Appeal's order dated 25 August 2015 to be set aside and that the High Court Judgement dated 21 March 2014 to be reinstated.

On 6 February 2018, the Company received an instruction letter from the Appellants' solicitor to pay a sum of approximately RM459,000. The Company had fully settled the sum accordingly.

On 8 March 2018, the Company received another instruction letter from the solicitor of Wong Fook Heng and Tiong Young Kong to pay a sum of approximately RM112,400. The Company had fully settled the sum accordingly.

On 3 September 2018, the Industrial Court via a deed of release and settlement informed Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra and the Company, of a sum of RM500,000 to be paid by the latter to the former to resolve and fully settle out of court, all matters in connection to the Claim.

Subsequent to the final settlement of the suit, 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 on 7 August 2018 for indemnification of legal fees they have incurred in defending the prior suits (and the appeals emanated therefrom) brought by the Company against them.

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

On 27 June 2019, the Company has filed a notice of appeal to the Court of Appeal against the decision made by the High Court. On 13 August 2019, the Company's solicitors attended court for case management and updated the court on the current progress of the appeal. The next case management hearing for the appeal is scheduled to take place on 19 September 2019.

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25. Proposed Dividends

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

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

26. (Loss)/Profit Per Share

a) Basic

	Current Quarter Ended 30-Jun-19	Corresponding Quarter Ended 30-Jun-18	Current Period-to-date Ended 30-Jun-19	Corresponding Period-to-date Ended 30-Jun-18
Net (loss)/profit attributable to shareholders (RM'000)	(5,440)	10,098	(38,381)	(56,557)
Number of ordinary shares at the beginning of the quarter/period	778,470,949	778,470,949	778,470,949	778,470,949
Weighted average number of ordinary shares in issue	778,470,949	778,470,949	778,470,949	778,470,949
Basic (loss)/profit per ordinary share (Sen)	(0.70)	1.30	(4.93)	(7.27)

b) Diluted

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

By Order of the Board

Bailey Kho Chung Siang
Executive Director

Date: 22 August 2019