# PERDANA PETROLEUM BERHAD

**Company No. 372113-A**
**(Incorporated in Malaysia)**

# Interim Report for the Quarter Ended 31 December 2019

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

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Current Quarter Ended 31-Dec-19 RM'000 (Unaudited) | Corresponding Quarter Ended 31-Dec-18 RM'000 (Unaudited) | Current Year-to-date Ended 31-Dec-19 RM'000 (Unaudited) | Corresponding Year-to-date Ended 31-Dec-18 # RM'000 (Audited) |
|---|---|---|---|---|
| Revenue | 64,044 | 64,076 | 239,997 | 189,653 |
| Cost of services | (57,095) | (58,564) | (213,345) | (180,444) |
| **Gross profit** | 6,949 | 5,512 | 26,652 | 9,209 |
| Other income | 19,646 | 35,004 | 35,355 | 25,226 |
| Administrative expenses | (7,715) | (3,364) | (20,002) | (12,822) |
| Other expenses | (888) | (15,495) | (2,997) | (6,551) |
| **Results from operating activities** | 17,992 | 21,657 | 39,008 | 15,062 |
| Finance income | 285 | 515 | 1,739 | 2,526 |
| Finance costs | (13,983) | (13,869) | (55,200) | (56,509) |
| Net finance costs | (13,698) | (13,354) | (53,461) | (53,983) |
| **Profit/(Loss) before tax** | 4,294 | 8,303 | (14,453) | (38,921) |
| Taxation | (6,853) | 812 | (8,401) | (1,989) |
| **(Loss)/Profit for the period** | (2,559) | 9,115 | (22,854) | (40,910) |
| *Other comprehensive (expenses)/income* | | | | |
| *Foreign currency translation* | *(23,891)* | *(164)* | *(11,911)* | *7,287* |
| *Cash flow hedge* | - | *(39)* | *(78)* | *(155)* |
| ***Total comprehensive (expenses)/income for the period attributable to Owners of the Company*** | *(26,450)* | *8,912* | *(34,843)* | *(33,778)* |
| **(Loss)/Profit for the period attributable to:** | | | | |
| Owners of the Company | (2,559) | 9,115 | (22,853) | (40,910) |
| Non-controlling interests | - | - * | (1) | - * |
| | (2,559) | 9,115 | (22,854) | (40,910) |
| ***Total comprehensive (expense)/income for the period attributable to:*** | | | | |
| *Owners of the Company* | *(26,451)* | *8,912* | *(34,844)* | *(33,778)* |
| *Non-controlling interests* | *1* | - * | *1* | - * |
| | *(26,450)* | *8,912* | *(34,843)* | *(33,778)* |
| **(Loss)/Profit per share (Sen)** | | | | |
| a) Basic | (0.33) | 1.17 | (2.94) | (5.26) |
| b) Diluted | (0.11) | 1.17 | (1.02) | (5.26) |

**** Negligible***

***# The comparative figures have been adjusted and reclassified to confirm with the audited financial statements' presentation.***

**(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 FOURTH QUARTER ENDED 31 DECEMBER 2019**

**STATEMENT OF FINANCIAL POSITION**

| | (Unaudited) 31-Dec-19 RM'000 | (Audited) 31-Dec-18 RM'000 |
|---|---|---|
| **ASSETS** | | |
| **NON-CURRENT ASSETS** | | |
| Property, plant and equipment | 1,139,953 | 1,208,043 |
| Refundable deposits | 12,000 | 46,043 |
| Deferred tax assets | 20,054 | 25,559 |
| Derivative asset | - | 78 |
| | 1,172,007 | 1,279,723 |
| **CURRENT ASSETS** | | |
| Inventories | 1,689 | 2,408 |
| Trade receivables - external parties | 32,659 | 24,604 |
| Trade receivables - related company | 21,946 | 22,354 |
| Other receivables, deposits and prepayments | 29,246 | 6,532 |
| Current tax assets | 2,636 | 2,771 |
| Cash and cash equivalents | 37,561 | 36,545 |
| | 125,737 | 95,214 |
| **TOTAL ASSETS** | 1,297,744 | 1,374,937 |
| **EQUITY AND LIABILITIES** | | |
| **EQUITY** | | |
| Share capital | 885,198 | 411,219 |
| Reserves | 14,643 | 49,486 |
| **TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY** | 899,841 | 460,705 |
| Non-controlling interests | 137 | 136 |
| **TOTAL EQUITY** | 899,978 | 460,841 |
| **NON-CURRENT LIABILITIES** | | |
| Loans and borrowings | 106,075 | - |
| Deferred tax liabilities | 3,277 | 3,437 |
| | 109,352 | 3,437 |
| **CURRENT LIABILITIES** | | |
| Loans and borrowings | 21,658 | 633,252 |
| Trade payables - external parties | 32,153 | 34,982 |
| Other payables - external parties | 16,599 | 35,712 |
| Other payables - related company | 216,876 | 206,713 |
| Current tax liabilities | 1,128 | - |
| | 288,414 | 910,659 |
| **TOTAL LIABILITIES** | 397,766 | 914,096 |
| **TOTAL EQUITY AND LIABILITIES** | 1,297,744 | 1,374,937 |
| **NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)** | 0.40 | 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 FOURTH QUARTER ENDED 31 DECEMBER 2019**

**STATEMENT OF CASH FLOWS**

| | (Unaudited) Year Ended 31-Dec-19 RM'000 | (Audited) Year Ended 31-Dec-18 RM'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss before tax | (14,453) | (38,921) |
| *Adjustments for:* | | |
| Reversal of impairment loss on property, plant and equipment | (11,945) | (6,705) |
| Impairment loss on receivables | - | 297 |
| Depreciation of property, plant and equipment | 80,798 | 80,282 |
| Interest expense | 55,200 | 56,509 |
| Interest income | (1,739) | (2,526) |
| Gain on bargain purchase | (18,754) | - |
| Unrealised (gain)/loss on foreign exchange | (1,564) | 5,828 |
| **Operating profit before changes in working capital** | 87,543 | 94,764 |
| *Changes in working capital:* | | |
| Inventories | 719 | (54) |
| Trade and other receivables | (30,464) | (25,787) |
| Trade and other payables | (20,623) | 11,020 |
| **Cash generated from operations** | 37,175 | 79,943 |
| Income tax paid | (1,794) | (3,333) |
| **Net cash from operating activities** | 35,381 | 76,610 |
| **Cash flows for investing activities** | | |
| Interest received | 871 | 1,418 |
| Purchase of property, plant and equipment | (13,016) | (14,063) |
| Withdrawal of fixed deposits pledged | 6,083 | 49,612 |
| **Net cash (used in)/from investing activities** | (6,062) | 36,967 |

**PERDANA PETROLEUM BERHAD**

**(Company No. 372113 - A)**

**(Incorporated in Malaysia)**

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

**STATEMENT OF CASH FLOWS**

| | (Unaudited) Year Ended 31-Dec-19 RM'000 | (Audited) Year Ended 31-Dec-18 RM'000 |
|---|---|---|
| **Cash flows from financing activities** | | |
| Net proceeds from issuance of Redeemable Convertible Preference Shares | 167,968 | - |
| Net advances from a related company | - | 56,000 |
| Drawdown of Islamic facility | 16,500 | - |
| Redemption/Repayment of Sukuk bonds | (139,236) | (90,000) |
| Repayment of term loans | (19,969) | (16,389) |
| Repayment of revolving credit | (252) | (4,000) |
| Repayment of finance lease liability obligations | - | (4,335) |
| Refundable deposit paid | (12,000) | - |
| Interest paid | (12,746) | (12,825) |
| Coupon paid | (24,267) | (23,794) |
| **Net cash used in financing activities** | (24,002) | (95,343) |
| | | |
| Net increase in cash and cash equivalents | 5,317 | 18,234 |
| Effect of exchange rate movements | 1,782 | (9,081) |
| Cash and cash equivalents at the beginning of the financial year | 30,462 | 21,309 |
| Cash and cash equivalents at the end of the financial year | 37,561 | 30,462 |
| | | |
| **Cash and cash equivalents** | | |
| Deposits placed with licensed banks | 19,867 | 33,769 |
| Cash on hand and at banks | 17,694 | 2,776 |
| | 37,561 | 36,545 |
| Less: Deposits pledged as security | - | (6,083) |
| | 37,561 | 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 FOURTH QUARTER ENDED 31 DECEMBER 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 year ended 31 December 2019 (Unaudited)** | | | | | | | | |
| **As at 1 January 2019** | 411,219 | 78 | 1,635 | 82,377 | (34,604) | 460,705 | 136 | 460,841 |
| Issuance of shares - Reedemable Convertible Preference Shares | 473,979 | - | - | - | - | 473,979 | - | 473,979 |
| Total comprehensive expense for the year | - | (78) | - | (11,911) | (22,854) | (34,843) | 1 | (34,842) |
| **Balance as at 31 December 2019** | 885,198 | - | 1,635 | 70,466 | (57,458) | 899,841 | 137 | 899,978 |
| **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 |
| Issuance of shares - Exercise of Warrants 2010/2015 | - | - | - | - | - | - | - | - |
| Dividend | | | | | | | | |
| 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 a Business* | 1 January 2020 |
| Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material* | 1 January 2020 |
| Amendments to MFRS 9, *Financial Instruments,* MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform* | 1 January 2020 |
| MFRS 17, *Insurance Contracts* | 1 January 2021 |
| Amendments to MFRS 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, about one third 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 year 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"), legal expenses, gain on bargain purchase as well as an additional deferred tax expense that has been provided for.

During the current quarter and financial year to-date, the other income comprises net realised/unrealised foreign exchange gain of RM1.5 million and RM1.1 million respectively whereas the other comprehensive income includes foreign currency translation loss of RM23.9 million and RM11.9 million respectively.

In addition, the Group has made a reversal of impairment loss on PPE of USD2.2 million (equivalent to RM9.1 million) (see Note 11) during the quarter under review, bringing the total reversal of impairment loss for PPE to USD2.9 million (equivalent to RM11.9 million) for the current financial year. The Group has also accounted for a gain on bargain purchase of RM18.8 million arising from an acquisition of a subsidiary (see Note 13), legal expenses of RM2.6 million (see Note 24) as well as additional deferred tax expense of RM5.3 million (see Note 21) during the financial year to-date.

### 6. Material Changes in Estimates

There were no material changes in the estimates of amounts reported in the current quarter and financial year 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 year to-date other than the issuance and allotment of 1,463,629,199 Redeemable Convertible Preference Shares ("RCPS") at an issue price of RM0.325 per RCPS share on 31 December 2019 [see Note 22(ii)].

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 31 December 2019.

## 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 31-Dec-19 RM'000 | Corresponding Quarter Ended 31-Dec-18 RM'000 |
| **Segment profit** | 17,588 | 21,748 |
| *Included in the measure of segment profit/(loss) are:* | | |
| Revenue from external customers | 64,044 | 64,076 |
| Inter-segment revenue | 102,944 | 78,202 |
| Depreciation and amortisation | (19,947) | (20,626) |
| Finance costs | (4,650) | (10,401) |
| Reversal of impairment loss on property, plant and equipment | 9,127 | 19,565 |
| Unrealised foreign exchange gain/(loss) | 1,999 | (6,249) |

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

| | Current Quarter Ended 31-Dec-19 RM'000 | Corresponding Quarter Ended 31-Dec-18 RM'000 |
|---|---|---|
| **Profit or loss** | | |
| Total profit / (loss) for reportable segments | 17,588 | 21,748 |
| Other non-reportable segments | (13,543) | (6,692) |
| Elimination of inter-segment profit / (loss) | 249 | (6,753) |
| Consolidated profit before tax | 4,294 | 8,303 |

## 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 31 December 2019** | **External revenue RM'000** | **Depreciation and amortisation RM'000** | **Finance costs RM'000** |
|---|---|---|---|
| Total reportable segments | 64,044 | (19,947) | (4,650) |
| Other non-reportable segments | - | (31) | (9,333) |
| Elimination of inter-segment transactions or balances | - | - | - |
| Consolidated total | 64,044 | (19,978) | (13,983) |

| **Corresponding Quarter Ended 31 December 2018** | **External revenue RM'000** | **Depreciation and amortisation RM'000** | **Finance costs RM'000** |
|---|---|---|---|
| Total reportable segments | 64,076 | (20,626) | (10,401) |
| Other non-reportable segments | - | (38) | (10,626) |
| Elimination of inter-segment transactions or balances | - | - | 7,158 |
| Consolidated total | 64,076 | (20,663) | (13,869) |

## PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

### 9. Segmental Information (Cont'd)

#### 9.2 Segment Results and Assets for the Current Year versus Corresponding Year

| | Marine Offshore Support Services | |
|---|---|---|
| | Current Year-to-date Ended 31-Dec-19 RM'000 | Corresponding Year-to-date Ended 31-Dec-18 RM'000 |
| **Segment profit/(loss)** | 41,144 | (22,642) |
| *Included in the measure of segment profit/(loss) are:* | | |
| Revenue from external customers | 239,997 | 189,653 |
| Inter-segment revenue | 312,322 | 302,678 |
| Depreciation and amortisation | (80,669) | (80,110) |
| Finance costs | (10,705) | (42,120) |
| Reversal of impairment loss on property, plant and equipment | 11,945 | 6,705 |
| Unrealised foreign exchange gain/(loss) | 1,876 | (6,251) |
| **Segment assets** | 1,175,315 | 1,328,496 |

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

| | | |
|---|---|---|
| **Profit or loss** | | |
| Total profit / (loss) for reportable segments | 41,144 | (22,642) |
| Other non-reportable segments | (54,963) | (19,136) |
| Elimination of inter-segment (loss) / profit | (634) | 2,857 |
| Consolidated loss before tax | (14,453) | (38,921) |

## PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

### 9. Segmental Information (Cont'd)

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

| As at 31 December 2019 | External revenue RM'000 | Depreciation and amortisation RM'000 | Finance costs RM'000 | Segment assets RM'000 |
|---|---|---|---|---|
| Total reportable segments | 239,997 | (80,669) | (10,705) | 1,175,315 |
| Other non-reportable segments | - | (129) | (44,495) | 920,794 |
| Elimination of inter-segment transactions or balances | - | - | - | (798,365) |
| Consolidated total | 239,997 | (80,798) | (55,200) | 1,297,744 |

| As at 31 December 2018 | External revenue RM'000 | Depreciation and amortisation RM'000 | Finance costs RM'000 | Segment assets RM'000 |
|---|---|---|---|---|
| Total reportable segments | 189,653 | (80,110) | (42,120) | 1,328,496 |
| Other non-reportable segments | - | (172) | (43,024) | 927,722 |
| Elimination of inter-segment transactions or balances | - | - | 28,635 | (881,286) |
| Consolidated total | 189,653 | (80,282) | (56,509) | 1,374,932 |

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

## 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 31-Dec-19 RM'000 | Corresponding Quarter Ended 31-Dec-18 RM'000 |
|---|---|---|
| **Major service line** | | |
| Vessel charter income | 65,564 | 63,250 |
| Others | (1,520) | 826 |
| | 64,044 | 64,076 |
| **Timing of recognition** | | |
| Over time | 65,564 | 63,250 |
| At a point in time | (1,520) | 826 |
| | 64,044 | 64,076 |

### 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. |

## PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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

The Group reassessed its assets (except for inventories, deferred tax assets and financial assets) as at 31 December 2019 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 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 31 December 2019, the Group has made a reversal of impairment loss on PPE of USD2.2 million (equivalent to RM9.1 million). As a result, the Group's accumulated impairment loss has decreased from USD12.5 million (equivalent to RM51.7 million) as at 31 December 2018 to USD9.6 million (equivalent to RM39.2 million) as at 31 December 2019.

### 12. Material Events Subsequent to the Reporting Period

There were no material events subsequent to the current financial quarter ended 31 December 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 year ended 31 December 2019, except for:

**(i) Acquisition of 2,650,000 ordinary shares in Mount Santubong Ltd ("MSL") from NFC Shipping Fund C LLC ("NFC") by Perdana Jupiter Ltd ("PJL")**

On 23 May 2019, the Company announced that its wholly-owned subsidiary, PJL entered into a Share Sale Agreement ("SSA") with NFC to acquire 2,650,000 ordinary shares, representing 100% of the issued and paid up share capital of USD2,706,400 in MSL for a total cash consideration of USD1 (equivalent to RM4.18). The said acquisition was completed and MSL has effectively became a wholly owned subsidiary of PJL on 5 July 2019.

The acquisition gave rise to a one-off gain on bargain purchase of RM18.8 million (see Notes 5 and 20).

## 14. Contingent Liabilities

The following are the contingent liabilities outstanding as at 31 December 2019:

| | As at 31-Dec-19 | |
|---|---|---|
| | **Group RM'000** | **Company RM'000** |
| <u>Unsecured:-</u> | | |
| Corporate guarantees given to licensed banks for credit facilities granted to related companies | - | 791,987 |

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 14 February 2020, the Group has not received any response from the IRB to its reply of February 2017.

## 15. Capital Commitments

As at 31 December 2019, the Group has the following capital commitment:

| | **Current Year-to-date Ended 31-Dec-19 RM'000** | **Corresponding Year-to-date Ended 31-Dec-18 RM'000** |
|---|---|---|
| Approved but not contracted for | 13,000 | - |

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

## 16. Significant Related Party Transactions

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

| Company | Current Quarter Ended 31-Dec-19 RM'000 | Corresponding Quarter Ended 31-Dec-18 RM'000 |
|---|---|---|
| i. Subsidiaries: | | |
| - management income | 369 | 381 |
| - interest income | - | 7,159 |
| ii. Related party: | | |
| - interest expense | 3,652 | 2,720 |
| - rental expense | 15 | 31 |
| **Group** | | |
| i. Related party: | | |
| - vessel charter income | 22,272 | 34,953 |
| - interest expense | 3,652 | 2,720 |
| - rental expense | 85 | 170 |

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.

b. Compensation of key management personnel

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

| | Current Quarter Ended 31-Dec-19 RM'000 | Corresponding Quarter Ended 31-Dec-18 RM'000 |
|---|---|---|
| Short-term employee benefits | 248 | 281 |

**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 31-Dec-19 RM'000 | Corresponding Quarter Ended 31-Dec-18 RM'000 | Variance RM'000 | Variance % |
|---|---|---|---|---|
| Revenue | 64,044 | 64,076 | (32) | - |
| Gross Profit | 6,949 | 5,512 | 1,437 | 26 |
| Profit Before Interest and Taxation | 17,992 | 21,657 | (3,665) | (17) |
| Profit Before Taxation | 4,294 | 8,303 | (4,009) | (48) |
| (Loss)/Profit After Taxation | (2,559) | 9,115 | (11,674) | (128) |
| (Loss)/Profit Attributable to Ordinary Equity Holders of the Parent | (2,559) | 9,115 | (11,674) | (128) |

For the current quarter ended 31 December 2019, the Group has recorded a revenue of RM64.0 million and a profit before tax of RM4.3 million, as compared to a revenue of RM64.1 million and a profit before tax of RM8.3 million in the fourth quarter of 2018.

The revenue achieved in the current quarter is consistent with the corresponding quarter's revenue as vessel utilisation is recorded at 74% and 73% respectively. Despite a 26% increase in gross profit in the current quarter, the Group recorded a lower profit before taxation as a result of a one-off professional fees relating to debt restructuring amounting to RM3.7 million as well as a lower reversal of impairment loss on PPE of RM9.1 million, compared to the reversal of impairment loss on PPE of RM19.6 million in the fourth quarter of 2018. The loss after taxation in the current quarter has taken into account current year tax expense amounting to RM1.6 million and deferred tax expense of RM5.3 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 Year-to-Date versus Preceding Year-to-Date**

| | Current Year-to-date Ended 31-Dec-19 RM'000 | Corresponding Year-to-date Ended 31-Dec-18 RM'000 | Variance RM'000 | % |
|---|---|---|---|---|
| Revenue | 239,997 | 189,653 | 50,344 | 27 |
| Gross Profit | 26,652 | 9,209 | 17,443 | 189 |
| Profit Before Interest and Taxation | 39,008 | 15,062 | 23,946 | 159 |
| Loss Before Taxation | (14,453) | (38,921) | 24,468 | 63 |
| Loss After Taxation | (22,854) | (40,910) | 18,056 | 44 |
| Loss Attributable to Ordinary Equity Holders of the Parent | (22,853) | (40,909) | 18,056 | 44 |

For the financial year ended 31 December 2019, the Group recorded a higher revenue of RM240.0 million and a lower loss before taxation of RM14.5 million as compared to the revenue of RM189.7 million and loss before taxation of RM38.9 million for the previous year ended 31 December 2018.

The increase in revenue is mainly due to higher vessel utilization at 70% for the financial year ended 31 December 2019, as compared to 64% in the corresponding year ended 31 December 2018, resulting from improved work orders/contracts awarded from oil majors as well as improved charter rates of approximately 15% since the second quarter of 2019. As a result, the Group's gross profit increased about threefold from RM9.2 million in 2018 to RM26.7 million in 2019. Furthermore, the Group has also recognised a gain on bargain purchase of RM18.8 million arising from the acquisition of a new subsidiary and a reversal of impairment loss on PPE of RM11.9 million as compared to a net reversal of impairment loss on PPE of RM6.7 million as well as a net realised/unrealised foreign exchange gain of RM11.5 million in the preceding year. This has further contributed to the lower loss before taxation of RM14.5 million achieved in the financial year 2019 as compared to RM38.9 million in 2018. The loss after taxation in the current year has taken into account current year tax expense of RM3.1 million and deferred tax expense of RM5.3 million (see Note 21).

## 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 31-Dec-19 RM'000 | Preceding Quarter Ended 30-Sep-19 RM'000 | Variance RM'000 | % |
|---|---|---|---|---|
| Revenue | 64,044 | 87,409 | (23,365) | (27) |
| Gross Profit | 6,949 | 26,134 | (19,185) | (73) |
| Profit Before Interest and Taxation | 17,992 | 33,468 | (15,476) | (46) |
| Profit Before Taxation | 4,294 | 18,707 | (14,413) | (77) |
| (Loss)/Profit After Taxation | (2,559) | 18,087 | (20,646) | (114) |
| (Loss)/Profit Attributable to Ordinary Equity Holders of the Parent | (2,559) | 18,087 | (20,646) | (114) |

The Group recorded a lower revenue of RM64.0 million and profit before tax of RM4.3 million in the current quarter, as compared to a revenue of RM87.4 million and profit before tax of RM18.7 million in the preceding quarter.

The decrease in revenue in the current quarter is mainly due to lower vessel utilisation at 74% as compared to 91% in the third quarter of 2019. The typically lower vessel utilization in the fourth quarter of 2019 is a result of slower work orders/contracts awarded from the oil majors during the monsoon season. In addition, the lower profit before taxation recorded in the current quarter has taken into account a reversal of impairment loss on PPE of RM9.1 million as well as professional fees relating to debt restructuring expenses of RM3.7 million, as compared to a gain on bargain purchase on acquisition of a new subsidiary of RM10.6 million recognised in the preceeding quarter. The loss after taxation in the current quarter has taken into account current year tax expense amounting to RM1.6 million and deferred tax expense of RM5.3 million (see Note 21).

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

### 19. Prospects

We have ended the financial year 2019 with some very encouraging signs of improvements. We are glad that our losses have narrowed noticeably as compared with those over the past few years. Our revenue has hit the highest figure since 2014 which, coupled with the completion of the corporate debt restructuring exercise as detailed in Note 22, has led to much healthier set of financials for Perdana Petroleum ("the Group").

We managed to sustain our chartering activities at a very robust activity level during the fourth quarter of 2019 as vessel utilisation continued to be steady amidst strengthening demand for our vessels. Overall, our vessel utilization came in at 74% in the fourth quarter of 2019, compared to 73% in the fourth quarter of 2018. But interestingly, our gross profit margin for the quarter was much stronger compared to the corresponding quarter last year, thanks to our streamlined operations.

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

Further, our restructuring exercises have already been completed following the overwhelming support from our shareholders for both its fund-raising and debt restructuring. With the much improved balance sheet, we firmly believe that the road ahead is smoother. Barring unforeseen circumstances, we are confident that our unwavering pursuit to turn around the Group should finally be reflected in our 2020 financial performance, as Malaysia's offshore support vessel market gradually recovers.

In addition, we are also optimistic of winning some more longer term contracts with certain oil majors to enhance the Group's earnings visibility beyond 2020. Nevertheless, the impact of the current COVID-19 outbreak is posing some uncertainties in the global market. Such concerns cannot be underestimated and we will certainly exercise more prudence in making business decisions going forward.

In this respect, the Board together with the management is expected to steer the Group into calmer waters. They too will continue to remain vigilant and exercise due care in the running and administration of the Group's business.

## 20. (Loss) / Profit for the Quarter / Year

| | Current Quarter Ended 31-Dec-19 RM'000 | Corresponding Quarter Ended 31-Dec-18 RM'000 | Current Year-to-date Ended 31-Dec-19 RM'000 | Corresponding Year-to-date Ended 31-Dec-18 RM'000 |
|---|---|---|---|---|
| **(Loss) / Profit for the quarter / period is arrived at after charging / (crediting):** | | | | |
| Depreciation of property, plant and equipment | 19,978 | 20,663 | 80,798 | 80,282 |
| Interest expense | 13,983 | 13,869 | 55,200 | 56,509 |
| Impairment loss on receivables | - | - | - | 297 |
| Reversal of impairment loss on property, plant and equipment | (9,127) | (19,565) | (11,945) | (6,705) |
| Gain on bargain purchase | (8,193) | - | (18,754) | - |
| Interest income | (285) | (515) | (1,739) | (2,526) |
| (Gain) / Loss on foreign exchange: | | | | |
| - realised | 807 | (15,439) | 466 | (17,305) |
| - unrealised | (2,326) | 15,433 | (1,564) | 5,828 |

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 year ended 31 December 2019.

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

## 21. Taxation

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

| | Current Quarter Ended 31-Dec-19 RM'000 | Corresponding Quarter Ended 31-Dec-18 RM'000 | Current Year-to-date Ended 31-Dec-19 RM'000 | Corresponding Year-to-date Ended 31-Dec-18 RM'000 |
|---|---|---|---|---|
| **Current tax expense:** | | | | |
| Malaysian - current year | 1,509 | 1,395 | 3,090 | 3,920 |
| - prior year | - | - | (33) | 276 |
| Foreign - prior year | - | 11 | - | 11 |
| **Deferred tax expense /(income):** | | | | |
| - Origination and reversal of temporary differences | 4,403 | (2,153) | 4,403 | (2,153) |
| - Under/(Over)provision in prior year | 941 | (65) | 941 | (65) |
| **Total taxation** | **6,853** | **(812)** | **8,401** | **1,989** |

Despite the consolidated losses for the financial year to-date, the Group still incurs a current tax charge of RM3.1 million as the losses incurred by certain group entities cannot be offset against the taxable profits made by other group entities.

A deferred tax expense of RM5.3 million has been recognised during the financial year ended 31 December 2019 mainly arising from the utilisation of unabsorbed capital allowances by a subsidiary.

**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"). The CDRC Approval Letter as well as a Standstill Letter was issued by CDRC to the Lenders of the Applicant Companies on 2 July 2018.

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

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

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

A final CDRC meeting was eventually held on 28 January 2019 to provide milestone updates and proposed scheme enhancement to all Lenders. Further details on the debt restructuring scheme that were agreed by the lenders are set out in the ensuing Notes 22(ii) and 23.

On 17 December 2019, the Company announced that the debt restructuring exercise had been completed and the Company and its subsidiaries were discharged from CDRC's purview with effect from 16 December 2019.

**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, Amendments to the Company's Constitution and Provision of Financial Assistance (the "Proposals")**

As part of the group-wide debt restructuring exercise, the Company had on 17 May 2019 announced and proposed to undertake the following:

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

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

The Proposed Rights Issue of RCPS entailed the issuance of the RCPS to all the entitled shareholders of the Company. Dayang Enterprise Holdings Bhd ("Dayang") being the holding company and a major shareholder of the Company undertook to subscribe for the RCPS up to the value of RM455.0 million ("Undertaking"). However, should all the Entitled Holders and/or their renouncee(s) subscribe in full for their respective entitlements under the Proposed Rights Issue of RCPS, the Company might potentially raise maximum gross proceeds of up to RM506.0 million, of which approximately of RM149.0 million of this proceeds to be raised would be utilised to partially repay the remaining advances owing by the Company to Dayang. The indicative salient terms of the RCPS were set out in the relevant announcement.

With the implementation of the Proposed Rights Issue of RCPS, it would allow the Company to set off part of Dayang's advances against the subscription monies due from Dayang pursuant to the Undertaking ("Set-Off Arrangement"). The repayment via the Set-Off Arrangement would reduce the liabilities of the Group without any cash outflow which was expected to improve the financial position of the Group and place it on a stronger financial footing.

In addition, Dayang on the other hand proposed to undertake an unrated Islamic medium term notes of up to RM682.5 million in nominal value under a Sukuk Murabahah programme ("Dayang Sukuk Programme"). Such programme would give Dayang Group the avenue to restructure and reschedule their debt obligations so as to strengthen the financial position of the Dayang Group whereby part of the Dayang Sukuk Programme proceeds would be utilised for the early redemption of the Company's Sukuk Murabahah (refer Note 23). As such, the Company had on 22 July 2019 announced and proposed to provide financial assistance to Dayang in the form of corporate guarantees, indemnities and/ or collaterals for the Dayang Sukuk Programme, up to an aggregate amount of RM682.5 million (″Proposed Provision of Financial Assistance″).

**22. Corporate Proposals (Cont'd)**

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

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

On 25 September 2019, the Company issued the Notice of Extraordinary General Meeting ("EGM") and the Circular to shareholders in relation to the Proposals. All the resolutions as prescribed in the Notice of EGM were duly passed by way of poll at the EGM convened by the Company on 17 October 2019.

Subsequently on 15 November 2019, the Company fully redeemed the outstanding Sukuk of RM365.0 million via an advance from Dayang pursuant to the issuance of Dayang Sukuk Programme on even date.

On 22 November 2019, the Company resolved to fix the following:

a) The entitlement basis for the Rights Issue of RCPS at 2 RCPS for every 1 of the ordinary share held on the entitlement date.

b) The issue price of the RCPS at RM0.325 per RCPS.

c) The conversion price of the RCPS at RM0.325 per RCPS and the conversion ratio at 1 new ordinary share for every 1 RCPS held.

On 30 December 2019, the Company announced that as at the close of acceptance, excess application and payment for the Rights Issue of the RCPS, the total valid acceptances and the total valid excess applications for the Rights Issue of RCPS were 1,463,629,199 RCPS, which represented a subscription of 94.01% over the total number of up to 1,556,941,898 RCPS available for subscription under the Rights Issue of RCPS.

**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, Amendments to the Company's Constitution and Provision of Financial Assistance (the "Proposals") (Cont'd)

The issuance of RCPS was completed on 8 January 2020 following the admission of the RCPS to the Official List of Bursa Securities and the listing of and quotation for 1,463,629,199 RCPS on the Main Market of Bursa Securities. The total proceeds of RM475,679,490 raised shall be utilised in the following manner:

| | Proposed Utilisation RM'000 | Actual Utilisation RM'000 | Intended Timeframe for Utilisation | Deviation RM'000 | Deviation % |
|---|---|---|---|---|---|
| Set-off Arrangement | 306,011 | 306,011 | Immediately | - | - |
| Partial repayment of advances owing to Dayang | 148,989 | 148,989 | Immediately | - | - |
| Working capital *1 | 49,506 | 18,978 | Within 12 months | (30,528) | (62) |
| Estimated expenses for the Proposal *2 | 1,500 | 1,701 | Immediately | 201 | 13 |
| | **506,006** | **475,679** | | | |

*Notes:*

*1 Deviation due to difference between the actual and estimated number of RCPS subscribed.

*2 Slight deviation due to higher actual expenses incurred.

As of 14 February 2020, a total of 1,071,600,178 RCPS which represents 73.3% of the total RCPS subscribed, have been converted into ordinary shares of the Company. As such, the Company's total issued ordinary share capital has increased to 1,850,071,127 units.

Save for the above, there were no other corporate proposals announced but not completed as at 14 February 2020, 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 31 December 2019 were as follows:

| | As at Current Year Ended 31-Dec-2019 | | | | | |
|---|---|---|---|---|---|---|
| | Non-current | | Current | | Total borrowings | |
| | USD'000 | RM'000 | USD'000 | RM'000 | USD'000 | RM'000 |
| **Secured** | | | | | | |
| - Term loans | 22,359 | 91,539 | 4,384 | 17,946 | 26,743 | 109,485 |
| - Islamic facility | - | 14,536 | - | 1,964 | - | 16,500 |
| **Unsecured** | | | | | | |
| - Revolving credit | - | - | - | 1,748 | - | 1,748 |
| **Total** | 22,359 | 106,075 | 4,384 | 21,658 | 26,743 | 127,733 |

Exchange rate (USD: MYR) at USD1: MYR4.094

*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*

## 23. Borrowings (Cont'd)

As at 31 December 2019, the outstanding borrowings of the Group amounted to RM127.7 million as compared to RM633.3 million as at 31 December 2018. The huge reduction in borrowings is mainly attributed to the successful completion of the Group's debt restructuring exercise which involves the following:

i. An early redemption of the RM365.0 million outstanding Sukuk on redemption date, 15 November 2019.
ii. Restructuring of a lease arrangement from USD30.1 million (equivalent to RM124.7 million) to USD15.2 million (equivalent to RM62.3 million).
iii. Refinancing of a USD term loan into a new Islamic facility of RM16.5 million.
iv. Extension of tenure for the remaining term loans and a revolving credit.

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

As at 31 December 2018, the Group did not meet certain covenants of two term loans and had not complied with certain terms of the Sukuk bond with a total carrying amount of RM489.7 million. As a result, the non-current portions of these term loans and the Sukuk bond of RM362.1 million were reclassified to current liabilities as at 31 December 2018. As at 31 December 2019, the outstanding amount of one of the said two term loans has been fully settled and refinanced into a new Islamic facility amounting to RM16.5 million over a tenure of 7 years in August 2019 and another term loan restructured over a tenure of 2 years in December 2019. As a result, the Group has reclassified its borrowings amounting to RM106.1 million to non-current liabilities as at 31 December 2019 following the successful completion of the debt restructuring.

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

## 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 14 February 2020, being the latest practicable date not earlier than 7 days from the date of issue of this interim report.

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

On 29 May 2019, the High Court has allowed the 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 said amount has been fully settled in September 2019.

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

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

The Appeal came up for e-review on 13 February 2020 and the Court of Appeal has fixed the Appeal for further e-review on 5 March 2020 for the Company to update the Court of Appeal on the status of filing of the said supplementary record of appeal. As at the latest practicable date of this report, the hearing date for the Appeal has not been fixed.

## 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.

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

## 26. (Loss)/Earnings Per Share

| | Current Quarter Ended 31-Dec-19 | Corresponding Quarter Ended 31-Dec-18 | Current Year-to-date Ended 31-Dec-19 | Corresponding Year-to-date Ended 31-Dec-18 |
|---|---|---|---|---|
| **a) Basic** | | | | |
| Net (loss)/profit attributable to shareholders (RM'000) | (2,559) | 9,115 | (22,853) | (40,909) |
| Number of ordinary shares at the beginning of the quarter/year | 778,470,949 | 778,470,949 | 778,470,949 | 778,470,949 |
| Weighted average number of ordinary shares | 778,470,949 | 778,470,949 | 778,470,949 | 778,470,949 |
| Basic (loss)/earnings per ordinary share (Sen) | (0.33) | 1.17 | (2.94) | (5.26) |
| **b) Diluted** | | | | |
| Net (loss)/profit attributable to shareholders (RM'000) | (2,559) | 9,115 | (22,853) | (40,909) |
| Number of ordinary shares at the beginning of the quarter/year | 778,470,949 | 778,470,949 | 778,470,949 | 778,470,949 |
| Effects of conversion of RCPS | 1,463,629,199 | - | 1,463,629,199 | - |
| Weighted average number of ordinary shares | 2,242,100,148 | 778,470,949 | 2,242,100,148 | 778,470,949 |
| Diluted (loss)/earnings per ordinary share (Sen) | (0.11) | 1.17 | (1.02) | (5.26) |

*By Order of the Board*

*Bailey Kho Chung Siang*
*Executive Director*

*Date: 20 February 2020*