



# **PERDANA PETROLEUM BERHAD**

Company No. 372113-A  
(Incorporated in Malaysia)

## **Interim Report for the Quarter Ended 30 September 2021**

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
ENDED 30 SEPTEMBER 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	-----Unaudited-----			
	Current Quarter Ended 30-Sep-21 RM'000	Corresponding Quarter Ended 30-Sep-20 RM'000	Current Period-to-date Ended 30-Sep-21 RM'000	Corresponding Period-to-date Ended 30-Sep-20 RM'000
Revenue	54,172	52,452	109,568	172,116
Cost of services	(48,178)	(54,236)	(128,318)	(164,003)
<b>Gross profit/(loss)</b>	<b>5,994</b>	<b>(1,784)</b>	<b>(18,750)</b>	<b>8,113</b>
Other income	803	4,782	833	2,731
Administrative expenses	(2,396)	(2,310)	(6,955)	(6,686)
Other expenses	(970)	(18,249)	(34,193)	(31,207)
<b>Results from operating activities</b>	<b>3,431</b>	<b>(17,561)</b>	<b>(59,065)</b>	<b>(27,049)</b>
Finance income	1,800	172	2,169	769
Finance costs	(1,943)	(2,555)	(6,102)	(9,765)
Net finance costs	(143)	(2,383)	(3,933)	(8,996)
<b>Profit/(Loss) before tax</b>	<b>3,288</b>	<b>(19,944)</b>	<b>(62,998)</b>	<b>(36,045)</b>
Taxation	(164)	(10,574)	(498)	(11,253)
<b>Profit/(Loss) for the period</b>	<b>3,124</b>	<b>(30,518)</b>	<b>(63,496)</b>	<b>(47,298)</b>
<i>Other comprehensive income/(expense):</i>				
<i>Foreign currency translation</i>	7,263	(31,860)	42,669	18,017
<b>Total comprehensive income/(expense) for the period attributable to Owners of the Company</b>	<b>10,387</b>	<b>(62,378)</b>	<b>(20,827)</b>	<b>(29,281)</b>
<b>Profit/(Loss) for the period attributable to:</b>				
Owners of the Company	3,124	(30,518)	(63,496)	(47,298)
Non-controlling interests	-	-	-	-
	<b>3,124</b>	<b>(30,518)</b>	<b>(63,496)</b>	<b>(47,298)</b>
<b>Total comprehensive income/(expense) for the period attributable to:</b>				
<i>Owners of the Company</i>	10,387	(62,380)	(20,827)	(29,280)
<i>Non-controlling interests</i>	-	2	-	(1)
	<b>10,387</b>	<b>(62,378)</b>	<b>(20,827)</b>	<b>(29,281)</b>
<b>Earnings/(Loss) per share (Sen)</b>				
a) Basic	0.14	(1.52)	(2.87)	(2.36)
b) Diluted	N/A	N/A	N/A	N/A

\* Negligible

(The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020)

**PERDANA PETROLEUM BERHAD**  
(Company No. 372113 - A)  
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**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
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**STATEMENT OF FINANCIAL POSITION**

	Note	(Unaudited) 30-Sep-21 RM'000	(Audited) 31-Dec-20 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		979,569	1,024,552
Deposits		12,000	12,000
Deferred tax assets		7,080	7,080
		<u>998,649</u>	<u>1,043,632</u>
<b>CURRENT ASSETS</b>			
Inventories		2,413	2,541
Trade receivables - external parties		29,627	20,914
Trade receivables - related company		39,076	30,484
Other receivables - related company		171	-
Other receivables, deposits and prepayments		6,816	8,109
Current tax assets		4,106	3,391
Cash and cash equivalents		14,202	46,522
		<u>96,411</u>	<u>111,961</u>
<b>TOTAL ASSETS</b>		<u>1,095,060</u>	<u>1,155,593</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		885,198	885,198
Reserves		(90,760)	(69,933)
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<u>794,438</u>	<u>815,265</u>
Non-controlling interests		-	-
<b>TOTAL EQUITY</b>		<u>794,438</u>	<u>815,265</u>
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings	23	55,088	25,735
Other payables - related company		124,831	140,721
Deferred tax liabilities		3,106	3,106
		<u>183,025</u>	<u>169,562</u>
<b>CURRENT LIABILITIES</b>			
Loans and borrowings	23	17,709	76,245
Trade payables - external parties		21,373	29,235
Other payables - external parties		4,593	8,071
Other payables - related company		73,866	57,159
Current tax liabilities		56	56
		<u>117,597</u>	<u>170,766</u>
<b>TOTAL LIABILITIES</b>		<u>300,622</u>	<u>340,328</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,095,060</u>	<u>1,155,593</u>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)</b>			
		0.36	0.37

(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 2020)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
ENDED 30 SEPTEMBER 2021

STATEMENT OF CASH FLOWS

	(Unaudited) Period Ended 30-Sep-21 RM'000	(Audited) Year Ended 31-Dec-20 RM'000
<b>Cash flows from operating activities</b>		
Loss before tax	(62,998)	(53,885)
<i>Adjustments for:</i>		
Impairment loss on financial assets	-	257
Impairment loss on property, plant and equipment	29,981	33,667
Depreciation of property, plant and equipment	60,927	81,370
Finance costs	6,102	12,075
Finance income	(2,169)	(895)
Unrealised loss/(gain) on foreign exchange	3,736	(3,845)
<b>Operating (loss)/profit before changes in working capital</b>	35,579	68,744
<i>Changes in working capital:</i>		
Inventories	128	(852)
Trade and other receivables, deposits and prepayments	(23,585)	23,416
Trade and other payables	9,235	(6,581)
<b>Cash generated from operations</b>	21,357	84,727
Income tax paid	(1,215)	(3,194)
<b>Net cash from operating activities</b>	20,142	81,533
<b>Cash flows for investing activities</b>		
Interest received	671	895
Purchase of property, plant and equipment	(3,860)	(16,704)
<b>Net cash used in investing activities</b>	(3,189)	(15,809)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
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STATEMENT OF CASH FLOWS

	(Unaudited) Period Ended 30-Sep-21 RM'000	(Audited) Year Ended 31-Dec-20 RM'000
<b>Cash flows from financing activities</b>		
Repayment to a related company	(13,620)	(22,700)
Repayment of term loan - Islamic	(1,768)	(1,964)
Repayment of secured term loans	(31,250)	(17,928)
Repayment of revolving credits	-	(1,748)
Interest paid	(8,771)	(8,401)
<b>Net cash used in financing activities</b>	<u>(55,409)</u>	<u>(52,741)</u>
Net (decrease)/increase in cash and cash equivalents	(38,456)	12,983
Effect of exchange rate movements	6,136	(4,022)
Cash and cash equivalents at the beginning of the financial period/year	46,522	37,561
Cash and cash equivalents at the end of the financial period/year	<u>14,202</u>	<u>46,522</u>
<b>Cash and cash equivalents</b>		
Deposits placed with licensed banks	-	28,420
Cash on hand and at banks	14,202	18,102
	<u>14,202</u>	<u>46,522</u>

(The Statement of Cash Flows should be read in conjunction  
 with the audited financial statements of the Group for the financial year ended 31 December 2020)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							Non-Controlling Interest	Total Equity
	[----- Non-distributable -----]			Translation	Accumulated	Sub-			
	Ordinary Share Capital	Redeemable Convertible Preference Shares	Other Capital Reserve	Reserve	losses	Total	Interest	RM'000	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Financial period ended 30 September 2021 (Unaudited)</b>									
<b>As at 1 January 2021</b>	876,397	8,801	1,635	51,471	(123,039)	815,265	-	815,265	
Total transactions with owners of the Company	414	(414)	-	-	-	-	-	-	
Total comprehensive expense for the period	-	-	-	42,669	(63,496)	(20,827)	-	(20,827)	
<b>Balance as at 30 September 2021</b>	<b>876,811</b>	<b>8,387</b>	<b>1,635</b>	<b>94,140</b>	<b>(186,535)</b>	<b>794,438</b>	<b>-</b>	<b>794,438</b>	
<b>Financial year ended 31 December 2020 (Audited)</b>									
<b>As at 1 January 2020</b>	411,219	473,979	1,635	70,442	(57,608)	899,667	136	899,803	
Total transactions with owners of the Company	465,178	(465,178)	-	(267)	403	136	(136)	-	
Total comprehensive expense for the year	-	-	-	(18,704)	(65,834)	(84,538)	-	(84,538)	
<b>Balance as at 31 December 2020</b>	<b>876,397</b>	<b>8,801</b>	<b>1,635</b>	<b>51,471</b>	<b>(123,039)</b>	<b>815,265</b>	<b>-</b>	<b>815,265</b>	

(The Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020)

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

**1. Basis of Preparation**

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

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020. 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 2020.

**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 2020, except for the adoption of the following Amendments from 1 January 2021:

<b>MFRS / Amendments / Interpretations</b>	<b>Effective Date</b>
Amendments to MFRS 9, <i>Financial Instruments</i> , MFRS 139, <i>Financial Instruments: Recognition and Measurement</i> , MFRS 7, <i>Financial Instruments: Disclosures</i> , MFRS 4, <i>Insurance Contracts</i> and MFRS 16, <i>Leases – Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021

The adoption of the above Amendments does not have a material impact on the financial statements of the Group.

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

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
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**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 (Cont'd)**

MFRS / Amendments / Interpretations	Effective Date
Amendments to Illustrative Examples accompanying MFRS 16, <i>Leases (Annual Improvements to MFRS Standards 2018 – 2020)</i>	1 January 2022
Amendments to MFRS 116, <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 141, <i>Agriculture (Annual Improvements to MFRS Standards 2018 – 2020)</i>	1 January 2022
MFRS 17, <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101, <i>Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108, <i>Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 10, <i>Consolidated Financial Statements</i> and MFRS 128, <i>Investments in Associates and Joint Ventures – Sale or contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

The Group and the Company plan to apply:

- from the annual period beginning on 1 January 2022 the abovementioned accounting standards, interpretations and amendments that are effective for annual periods beginning on or after 1 April 2021 and 1 January 2022, except for amendments to MFRS 1 and MFRS 141 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2023 the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 which is not applicable to the Group and the Company.

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

**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 2020.



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

**4. Seasonal or Cyclical Factors**

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

**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, foreign currency translation of investment in Labuan subsidiaries denominated in US Dollars as well as impairment loss on property, plant and equipment (“PPE”).

During the current quarter and financial period to-date, other expenses comprise net realised/unrealised foreign exchange loss of RM1.0 million and RM4.2 million respectively whereas other comprehensive income includes foreign currency translation gain of RM7.3 million and RM42.7 million respectively.

In addition, the Group has made an additional allowance for impairment loss on property, plant and equipment (“PPE”) of USD7.2 million (equivalent to RM29.9 million) (see Note 11) during the 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 other than the conversion of 74,800 Redeemable Convertible Preference Shares (“RCPS”) into new ordinary shares at a conversion ratio of 1 RCPS : 1 ordinary share of the Company. The conversion price of RM0.325 per share is the same as the issue price of the RCPS.

The cumulative number of RCPS converted into ordinary shares of the Company since issuance is 1,437,726,892 as at 30 September 2021 and the number of RCPS yet to be converted as at that date is 25,902,307.

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

**8. Dividends Paid**

No dividend has been declared or paid for the financial year ended 31 December 2020 and the period ended 30 September 2021.

**9. Segmental Information**

**9.1 Segment Results for the Current Quarter versus Corresponding Quarter**

	<b>Marine Offshore Support Services</b>	
	<b>Current Quarter Ended 30-Sep-21 RM'000</b>	<b>Corresponding Quarter Ended 30-Sep-20 RM'000</b>
<b>Segment profit/(loss)</b>	5,755	(58,353)
<i>Included in the measure of segment results are:</i>		
Revenue from external customers	54,172	52,452
Inter-segment revenue	62,257	69,195
Depreciation and amortization	(20,635)	(20,500)
Impairment loss on property, plant and equipment	-	(17,888)
Finance costs	(431)	(475)
Finance income	1,789	157
Unrealised foreign exchange loss/(gain)	1	(5)

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

<b>Profit or loss</b>		
Total loss for reportable segments	5,755	(58,353)
Other non-reportable segments	(1,706)	4,492
Elimination of inter-segment loss	(761)	33,917
Consolidated profit/(loss) before tax	3,288	(19,944)

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**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)**

<b>Current Quarter Ended 30 September 2021</b>	<b>External revenue RM'000</b>	<b>Depreciation and amortisation RM'000</b>	<b>Finance costs RM'000</b>	<b>Finance income RM'000</b>
Total reportable segments	54,172	(20,635)	(431)	1,789
Other non-reportable segments	-	(5)	(1,512)	11
Elimination of inter-segment transactions or balances	-	-	-	-
<b>Consolidated total</b>	<b>54,172</b>	<b>(20,640)</b>	<b>(1,943)</b>	<b>1,800</b>

<b>Corresponding Quarter Ended 30 September 2020</b>	<b>External revenue RM'000</b>	<b>Depreciation and amortisation RM'000</b>	<b>Finance costs RM'000</b>	<b>Finance income RM'000</b>
Total reportable segments	52,452	(20,500)	(475)	157
Other non-reportable segments	-	(30)	(2,080)	15
Elimination of inter-segment transactions or balances	-	-	-	-
<b>Consolidated total</b>	<b>52,452</b>	<b>(20,530)</b>	<b>(2,555)</b>	<b>172</b>

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**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

	<b>Marine Offshore Support Services</b>	
	<b>Current Period-to-date Ended 30-Sep-21 RM'000</b>	<b>Corresponding Period-to-date Ended 30-Sep-20 RM'000</b>
<b>Segment loss</b>	(53,861)	(65,416)
<i>Included in the measure of segment loss are:</i>		
Revenue from external customers	109,568	172,116
Inter-segment revenue	130,110	212,009
Depreciation and amortization	(60,910)	(61,427)
Impairment loss on property, plant and equipment	(29,981)	(28,791)
Finance costs	(1,360)	(2,409)
Finance income	2,141	525
Unrealised foreign exchange gain	1	8
<b>Segment assets</b>	<b>899,846</b>	<b>1,066,126</b>
<b>Reconciliation of reportable segment revenues, profit or loss, assets and other material items</b>		
<b>Profit or loss</b>		
Total loss for reportable segments	(53,861)	(65,416)
Other non-reportable segments	(5,402)	(845)
Elimination of inter-segment loss	(3,735)	30,216
Consolidated loss before tax	(62,998)	(36,045)

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**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)**

	<b>External revenue RM'000</b>	<b>Depreciation and amortisation RM'000</b>	<b>Finance costs RM'000</b>	<b>Finance income RM'000</b>	<b>Segment assets RM'000</b>
<b>As at 30 September 2021</b>					
Total reportable segments	109,568	(60,910)	(1,360)	2,141	899,846
Other non-reportable segments	-	(17)	(4,742)	28	828,619
Elimination of inter- segment transactions or balances	-	-	-	-	(633,405)
<b>Consolidated total</b>	<b>109,568</b>	<b>(60,927)</b>	<b>(6,102)</b>	<b>2,169</b>	<b>1,095,060</b>

	<b>External revenue RM'000</b>	<b>Depreciation and amortisation RM'000</b>	<b>Finance costs RM'000</b>	<b>Finance income RM'000</b>	<b>Segment assets RM'000</b>
<b>As at 30 September 2020</b>					
Total reportable segments	172,116	(61,427)	(2,409)	525	1,066,126
Other non-reportable segments	-	(92)	(7,356)	244	901,152
Elimination of inter- segment transactions or balances	-	-	-	-	(734,191)
<b>Consolidated total</b>	<b>172,116</b>	<b>(61,519)</b>	<b>(9,765)</b>	<b>769</b>	<b>1,233,087</b>

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

**10. Revenue**

**10.1 Disaggregation of Revenue from Contracts with Customers**

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

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

	<b>Current Quarter Ended 30-Sep-21 RM'000</b>	<b>Corresponding Quarter Ended 30-Sep-20 RM'000</b>
<b>Major service line</b>		
Catering services	780	1,604
<b>Timing of recognition</b>		
At a point in time	780	1,604

**10.2 Nature of services**

The following information reflects the typical transactions of the Group:

<b>Nature of goods or services</b>	<b>Timing of recognition or method used to recognise revenue</b>	<b>Significant payment terms</b>
Catering services	Revenue is recognised at a point in time when the services are performed and accepted by the customers.	Credit periods of 30 to 45 days from invoice date.

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

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

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

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

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

For the current financial quarter ended 30 September 2021, there were no further allowance for impairment loss nor reversal of impairment loss on PPE.

The Group’s accumulated provision for impairment loss on PPE has increased from USD17.6 million (equivalent to RM70.7 million) as at 31 December 2020 to USD24.8 million (equivalent to RM104.0 million) as at 30 September 2021, due to the additional allowance of USD7.2 million (equivalent to RM29.9 million) (see Note 5) made in the second quarter of 2021.

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

There were no material events subsequent to the current financial quarter ended 30 September 2021 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 September 2021.

**14. Contingent Liabilities**

The following are the contingent liabilities of the Group as at 30 September 2021:

	As at 30-Sep-21	
	Group RM'000	Company RM'000
<b><u>Contingent liabilities not considered remote</u></b>		
Corporate guarantees favouring banks for facilities granted to:		
- ultimate holding company	525,600	525,600
- subsidiaries	-	62,859
	<u>525,600</u>	<u>588,459</u>

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**14. Contingent Liabilities (Cont'd)**

Further to the conclusion of a tax audit conducted for year of assessment (“YA”) 2007 to YA 2010, the Inland Revenue Board (“IRB”) has requested the Group to revise its tax computations for YA 2011 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 YA 2011 and subsequent years, the outcome of which cannot be ascertained at this present stage. As at the latest practicable date of 16 November 2021, the Group has not received any response from the IRB to its reply of February 2017.

On 28 August 2019, the IRB has requested one of the group entities to furnish documents relating to YA 2015 to YA 2017. The Group has engaged a tax consultant to assist in the matter and has responded to the IRB’s request. This tax audit has resulted in a voluntary tax adjustment of RM2.2 million for YA 2016. Furthermore, the IRB has on 22 April 2021, written to seek clarification on certain asset transfers between group entities and the Group had since replied to the IRB. As at the latest practicable date of 16 November 2021, the IRB has responded with their view and stance on the tax treatment of the asset transfers between group entities and the tax consultant had assisted to draft an appeal to the IRB to rebut the IRB’s view. The Group may need to provide for additional tax payable, if any, arising from any revision of the tax computations for YA 2015 and subsequent years, the outcome of which cannot be ascertained at this present stage.

In addition to the above, the IRB is also conducting transfer pricing tax audits of several subsidiaries of the Group for years of assessment varying from YA 2012 to YA 2017. The tax consultant has responded to the IRB on its enquiries. The Group is currently awaiting further response from the IRB. The financial impact, if any, from the relevant tax audits by the IRB is not determinable at this juncture.

**15. Capital Commitments**

As at 30 September 2021, the Group has the following capital commitments:

	<b>Current Quarter Ended 30-Sep-21 RM’000</b>	<b>Corresponding Quarter Ended 30-Sep-20 RM’000</b>
Approved but not contracted for	2,115	8,168
Approved and contracted for	10,885	4,832
	<b>13,000</b>	<b>13,000</b>



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

	<b>Current Quarter Ended 30-Sep-21 RM'000</b>	<b>Corresponding Quarter Ended 30-Sep-20 RM'000</b>
<b>Company</b>		
i. Subsidiaries:		
- management fees income	378	414
ii. Related party:		
- interest expense	1,423	1,992
- rental expense	15	15
<b>Group</b>		
i. Related party:		
- vessel charter income	31,549	25,226
- interest expense	1,423	1,992
- rental expense	66	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.

- b. Compensation of key management personnel

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

	<b>Current Quarter Ended 30-Sep-21 RM'000</b>	<b>Corresponding Quarter Ended 30-Sep-20 RM'000</b>
Short-term employee benefits	192	263

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**17. Review of Financial Performance**

**Current Year Quarter versus Preceding Year Corresponding Quarter**

	<b>Current Quarter Ended 30-Sep-21 RM'000</b>	<b>Corresponding Quarter Ended 30-Sep-20 RM'000</b>	<b>Variance</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	54,172	52,452	1,720	3
Gross Profit/(Loss)	5,994	(1,784)	7,778	436
Profit/(Loss) Before Interest and Taxation	3,431	(17,561)	20,992	120
Profit/(Loss) Before Taxation	3,288	(19,944)	23,232	116
Profit/(Loss) After Taxation	3,124	(30,518)	33,642	110
Profit/(Loss) Attributable to Ordinary Equity Holders of the Company	3,124	(30,518)	33,642	110

For the current quarter ended 30 September 2021, the Group has recorded a revenue of RM54.2 million and a profit before tax of RM3.3 million, as compared to a revenue of RM52.5 million and a loss before tax of RM19.90 million in the third quarter of 2020.

The increase in revenue and gross profit in the current quarter is mainly attributable to higher vessel utilisation rate at 71% as compared to 50% in the third quarter of 2020. The profit before tax of RM3.3 million in the current quarter is arrived at, after taking into account a net realised/unrealised foreign exchange loss of RM1.0 million and waiver of interest arising from the settlement of a term loan. No additional provision for impairment loss was made in the current quarter as compared to RM17.9 million that has been provided in the corresponding quarter of 2020. The loss after tax in the current quarter has taken into account tax expenses amounting to RM0.2 million (see Note 21).

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	<b>Current</b>	<b>Corresponding</b>	<b>Variance</b>	
	<b>Period-to-date</b>	<b>Period-to-date</b>	<b>RM'000</b>	<b>%</b>
	<b>Ended</b>	<b>Ended</b>		
	<b>30-Sep-21</b>	<b>30-Sep-20</b>		
	<b>RM'000</b>	<b>RM'000</b>		
Revenue	109,568	172,116	(62,548)	(36)
Gross (Loss)/Profit	(18,750)	8,113	(26,863)	(331)
Loss Before Interest and Taxation	(59,065)	(27,049)	(32,016)	(118)
Loss Before Taxation	(62,998)	(36,045)	(26,953)	(75)
Loss After Taxation	(63,496)	(47,298)	(16,198)	(34)
Loss Attributable to Ordinary Equity Holders of the Company	(63,496)	(47,298)	(16,197)	(34)

For the financial period ended 30 September 2021, the Group recorded a lower revenue of RM109.6 million and a higher loss before tax of RM63.5 million, as compared to a revenue of RM172.1 million and a loss before tax of RM36.0 million for the corresponding period ended 30 September 2020.

The decrease in revenue is mainly due to lower vessel utilisation at 49% for the financial period ended 30 September 2021 as compared to 57% in the corresponding period ended 30 September 2020. The lower vessel utilisation is a result of slower work orders/contracts awarded from the oil majors.

In arriving at the loss before tax, the Group has made a provision for impairment loss on PPE of RM29.9 million as compared to the provision of RM28.8 million in the corresponding period last year. In addition, the net realised/unrealised foreign exchange loss of RM4.2 million for the current period, also contributed to the higher loss.

The loss after tax in the current period has taken into account tax expenses amounting to approximately RM0.5 million (see Note 21).

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	<b>Current Quarter Ended 30-Sep-21 RM'000</b>	<b>Corresponding Quarter Ended 30-Jun-21 RM'000</b>	<b>Variance</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	54,172	38,556	15,616	41
Gross Profit/(Loss)	5,994	(4,780)	10,774	225
Profit/(Loss) Before Interest and Taxation	3,431	(37,173)	40,604	109
Profit/(Loss) Before Taxation	3,288	(38,947)	42,235	108
Profit/(Loss) After Taxation	3,124	(39,116)	42,240	108
Profit/(Loss) Attributable to Ordinary Equity Holders of the Company	3,124	(39,116)	42,240	108

The Group recorded a higher revenue of RM54.2 million and a profit before tax of RM3.3 million in the current quarter, as compared to a revenue of RM38.6 million and a loss before tax of RM38.9 million in the preceding quarter.

The increase in revenue in the current quarter is mainly due to increase in vessel utilisation at 71% as compared to 49% in the second quarter of 2021. The higher vessel utilisation in the third quarter of 2021 is a result of more work orders/contracts awarded by the oil majors.

In addition, the profit before tax in the current quarter has taken into account a net realised/unrealised foreign exchange loss of RM1.0 million, as opposed to a provision for impairment loss on PPE of RM29.9 million in the preceding quarter. The loss after tax in the current quarter has taken into account tax expenses amounting to approximately RM0.2 million (see Note 21).

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**19. Prospects**

The Group has posted a better result in the third quarter of 2021 mainly on account of a higher vessel utilisation rate with the easing of various restrictive Movement Control Orders (“MCO”) imposed by the Government of Malaysia. The utilisation rate for the current quarter was at 71% as compared to 49% and 50%, for the quarter ended 30 June 2021 and the corresponding quarter ended 30 September 2020, respectively.

Despite the better results posted in the current quarter, the typically seasonal effects of the upcoming monsoon season will lead to lower vessel chartering activities in the remaining quarter of the year.

Going forward, we are of the opinion that the rebound of the crude oil price to a more sustainable level can lead to a healthier outlook of the oil and gas industry in the coming months, at levels reasonably high enough to spur oil majors to undertake their planned capital expenditure. We also expect that the economic activities would be gradually getting back to normal with the step-up in the vaccination program including booster shots and lifting of travel restrictions, throughout the country by the Malaysian government.

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

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<b>Current Quarter Ended 30-Sep-21 RM'000</b>	<b>Corresponding Quarter Ended 30-Sep-20 RM'000</b>	<b>Current Period-to-date Ended 30-Sep-21 RM'000</b>	<b>Corresponding Period-to-date Ended 30-Sep-20 RM'000</b>
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**Loss for the quarter / period is  
arrived at after charging /  
(crediting):**

Depreciation of property, plant and equipment	20,640	20,530	60,927	61,519
Impairment loss on property, plant and equipment	-	17,888	29,981	28,791
Interest expense	1,943	2,555	6,102	9,765
Interest income	(1,800)	(172)	(2,169)	(769)
Loss/(Gain) on foreign exchange:				
- realised	195	1,524	427	1,900
- unrealised	764	(4,539)	3,736	(851)

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 September 2021.

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

	<b>Current Quarter Ended 30-Sep-21 RM'000</b>	<b>Corresponding Quarter Ended 30-Sep-20 RM'000</b>	<b>Current Period-to-date Ended 30-Sep-21 RM'000</b>	<b>Corresponding Period-to-date Ended 30-Sep-20 RM'000</b>
<b>Current tax expense:</b>				
Malaysian - current year	164	257	498	1,475
- prior year	-	-	-	(539)
<b>Deferred tax expense:</b>				
- Origination and reversal of temporary difference	-	6,362	-	6,362
- Underprovision in prior year	-	3,955	-	3,955
	<b>164</b>	<b>10,574</b>	<b>498</b>	<b>11,253</b>

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

**22. Corporate Proposals**

There were no corporate proposals announced but not completed as at 16 November 2021, being the latest practicable date not earlier than 7 days from the date of issue of this interim report.

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**23. Borrowings**

Total Group's borrowings as at 30 September 2021 were as follows:

	As at Current Period Ended 30-Sep-2021					
	Non-current		Current		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
<b>Secured</b>						
- Term loans	10,921	45,760	3,664	15,352	14,585	61,112
- Islamic facility	-	9,328	-	2,357	-	11,685
<b>Total</b>	<b>10,921</b>	<b>55,088</b>	<b>3,664</b>	<b>17,709</b>	<b>14,585</b>	<b>72,797</b>

Exchange rate (USD: MYR) at USD1: MYR4.19

Source of reference: Bank Negara Malaysia website

Total Group's borrowings as at 31 December 2020 were as follows:

	As at Previous Year Ended 31-Dec-2020					
	Non-current		Current		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
<b>Secured</b>						
- Term loans	3,645	14,638	18,399	73,888	22,044	88,526
- Islamic facility	-	11,097	-	2,357	-	13,454
<b>Total</b>	<b>3,645</b>	<b>25,735</b>	<b>18,399</b>	<b>76,245</b>	<b>22,044</b>	<b>101,980</b>

Exchange rate (USD: MYR) at USD1: MYR4.016

Source of reference: Bank Negara Malaysia website

As at 30 September 2021, the total outstanding borrowings is RM72.8 million as compared to RM102.0 million as at 31 December 2020. The reduction in borrowings is mainly due to the full and final settlement of one term loan.

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



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**24. Material Litigations**

Save for the following, there were no material litigations involving the Group since the last financial year ended 31 December 2020 up to the reporting date.

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

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

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

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

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

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

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**24. Material Litigations (Cont'd)**

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

Given that the Plaintiffs have yet to refund the amount due under the Court of Appeal Order, the Company has instructed the Company's solicitors to proceed to execute the Court of Appeal Order. Accordingly, a notice was issued on 17 November 2021 to initiate bankruptcy proceedings against the Plaintiffs.

**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 2020.

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	<b>Current Quarter Ended 30-Sep-21</b>	<b>Corresponding Quarter Ended 30-Sep-20</b>	<b>Current Period-to-date Ended 30-Sep-21</b>	<b>Corresponding Period-to-date Ended 30-Sep-20</b>
Net profit/(loss) attributable to shareholders (RM'000)	3,124	(30,518)	(63,496)	(47,298)
Number of ordinary shares at the beginning of the quarter/period	2,214,925,086	778,470,949	2,214,925,086	778,470,949
Effect of conversion of RCPS to ordinary shares	872,333	1,226,492,215	872,333	1,226,492,215
Weighted average number of ordinary shares in issue	2,215,797,419	2,004,963,164	2,215,797,419	2,004,963,164
Basic earnings/(loss) per ordinary share (Sen)	0.14	(1.52)	(2.87)	(2.36)

**b) Diluted**

The Company has on 31 December 2019 issued and allotted 1,463,629,199 RCPS that are convertible into new ordinary shares in the Company (see Note 7). As at the financial period ended 30 September 2021, only 25,902,307 RCPS have yet to be converted into ordinary shares. Diluted loss per share to account for the effect of conversion of the remaining RCPS into ordinary shares, which is anti-dilutive, has not been computed.

*By Order of the Board*

*Jamalludin bin Obeng  
Managing Director*

*Date: 23 November 2021*