



PERDANA PETROLEUM BERHAD

Company No. 372113-A
(Incorporated in Malaysia)

Interim Report for the Quarter Ended 31 March 2024

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	-----Unaudited-----			
	Current Quarter Ended 31-Mar-24 RM'000	Corresponding Quarter Ended 31-Mar-23 RM'000	Current Period Ended 31-Mar-24 RM'000	Corresponding Period Ended 31-Mar-23 RM'000
Revenue	99,219	29,633	99,219	29,633
Cost of services	(73,735)	(35,496)	(73,735)	(35,496)
Gross profit/(Loss)	25,484	(5,863)	25,484	(5,863)
Other income	108	154	108	154
Administrative expenses	(3,339)	(2,527)	(3,339)	(2,527)
Other expenses	(11,243)	(344)	(11,243)	(344)
Results from operating activities	11,010	(8,580)	11,010	(8,580)
Finance income	29	63	29	63
Finance costs	(1,771)	(1,189)	(1,771)	(1,189)
Net finance costs	(1,742)	(1,126)	(1,742)	(1,126)
Profit/(Loss) before tax	9,268	(9,706)	9,268	(9,706)
Taxation	(3,197)	1,449	(3,197)	1,449
Profit/(Loss) for the period	6,071	(8,257)	6,071	(8,257)
<i>Other comprehensive income/(expenses):</i>				
<i>Foreign currency translation</i>	29,260	(1,984)	29,260	(1,984)
Total comprehensive income/(expenses) for the period attributable to Owners of the Company	35,331	(10,241)	35,331	(10,241)
Profit/(Loss) for the period attributable to:				
Owners of the Company	6,071	(8,257)	6,071	(8,257)
Total comprehensive income/(expenses) for the period attributable to:				
Owners of the Company	35,331	(10,241)	35,331	(10,241)
Earnings per share (Sen)				
a) Basic	0.27	(0.37)	0.27	(0.37)
b) Diluted	0.27	(0.37)	0.27	(0.37)

(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 2023)

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



**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2024**

STATEMENT OF FINANCIAL POSITION

	(Unaudited)	(Audited)
	31-Mar-24	31-Dec-23
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	700,666	696,478
Right-of-use assets	643	295
Deferred tax assets	8,648	6,246
	<u>709,957</u>	<u>703,019</u>
CURRENT ASSETS		
Inventories	2,439	4,273
Trade and other receivables	173,995	124,884
Deposits and prepayments	748	4,996
Current tax assets	2,885	3,711
Cash and cash equivalents	36,921	66,644
	<u>216,988</u>	<u>204,508</u>
TOTAL ASSETS	<u>926,945</u>	<u>907,527</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	885,198	885,198
Reserves	(183,383)	(218,714)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>701,815</u>	<u>666,484</u>
NON-CURRENT LIABILITIES		
Loans and borrowings	14,618	16,703
Lease liabilities	273	138
Trade and other payables	87,105	95,056
Deferred tax liabilities	5,555	5,554
	<u>107,551</u>	<u>117,451</u>
CURRENT LIABILITIES		
Loans and borrowings	10,302	10,444
Lease liabilities	375	163
Trade and other payables	100,975	106,859
Current tax liabilities	5,927	6,126
	<u>117,579</u>	<u>123,592</u>
TOTAL LIABILITIES	<u>225,130</u>	<u>241,043</u>
TOTAL EQUITY AND LIABILITIES	<u>926,945</u>	<u>907,527</u>
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)		
	0.32	0.30

(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 2023)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2024**

STATEMENT OF CASH FLOWS

	(Unaudited) Period Ended 31-Mar-24 RM'000	(Audited) Year Ended 31-Dec-23 RM'000
Cash flows from operating activities		
Profit before tax	9,268	65,829
<i>Adjustments for:</i>		
(Reversal of)/Net impairment loss on financial assets	-	(7,991)
Reversal of impairment loss on property, plant and equipment	-	(1,239)
Depreciation of property, plant and equipment	16,534	50,776
Property, plant and equipment written off	1	-
Depreciation of right of use assets	104	417
Finance income	(29)	(256)
Finance costs	1,771	8,430
Unrealised loss on foreign exchange	10,440	12,415
Operating profit before changes in working capital	38,089	128,381
<i>Changes in working capital:</i>		
Inventories	1,833	(1,450)
Trade and other receivables, deposits and prepayments	(44,743)	(72,695)
Trade and other payables	(21,726)	28,047
Cash (used in)/generated from operations	(26,547)	82,283
Income tax received	-	2,435
Income tax paid	(4,985)	(12,402)
Net cash (used in)/from operating activities	(31,532)	72,316
Cash flows for investing activities		
Interest received	29	256
Refundable deposits refunded	-	12,000
Purchase of property, plant and equipment	(1,500)	(17,226)
Net cash used in investing activities	(1,471)	(4,970)
Cash flows from financing activities		
Repayment of term loan - Islamic	-	(9,821)
Repayment of term loan - Commodity Murabahah Financing I	(710)	(8,221)
Repayment of secured term loans	(2,566)	(9,883)
Repayment of hire purchase liability	(16)	(61)
Repayment to a related company	(4,540)	(19,976)
Interest paid	(2,112)	(7,972)
Interest paid on lease liabilities	(3)	(13)
Repayment of lease liabilities	(106)	(417)
Net cash used in financing activities	(10,053)	(56,364)
Net (decrease)/increase in cash and cash equivalents	(43,056)	10,982
Effect of exchange rate movements	13,333	10,234
Cash and cash equivalents at the beginning of the financial year	66,644	45,428
Cash and cash equivalents at the end of the financial period/year	36,921	66,644
Cash and cash equivalents		
Short-term repo placement	-	28,000
Cash on hand and at banks	36,921	38,644
	36,921	66,644

(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 2023)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					Sub Total	Total Equity
	----- Non-distributable -----						
	Ordinary Share Capital	Redeemable Convertible Preference Shares	Other Capital Reserve	Translation Reserve	Accumulated Losses		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial period ended 31 March 2024 (Unaudited)							
As at 1 January 2024	878,139	7,059	1,635	177,227	(397,576)	666,484	666,484
Total transactions with owners of the Company	112	(112)	-	-	-	-	-
Total comprehensive income for the period	-	-	-	29,260	6,071	35,331	35,331
Balance as at 31 March 2024	878,251	6,947	1,635	206,487	(391,505)	701,815	701,815
Financial year ended 31 December 2023 (Audited)							
As at 1 January 2023	877,204	7,994	1,635	140,583	(442,087)	585,329	585,329
Total transactions with owners of the Company	935	(935)	-	-	-	-	-
Total comprehensive income for the year	-	-	-	36,644	44,511	81,155	81,155
Balance as at 31 December 2023	878,139	7,059	1,635	177,227	(397,576)	666,484	666,484

(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 2023)

PERDANA PETROLEUM BERHAD

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

1. Basis of Preparation

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

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023. 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 2023.

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 2023, except for the adoption of the following Amendments from 1 January 2024:

MFRS / Amendments / Interpretations	Effective Date
Amendments to MFRS 16, <i>Leases– Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101, <i>Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 107, <i>Statement of Cash Flows</i> MFRS 7, <i>Financial Instruments: Disclosures – Supplier Finance Arrangements</i>	1 January 2024

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121, <i>The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability</i>	1 January 2025
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MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

Amendments to MFRS 10, <i>Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
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The Group and the Company plan to apply from the annual period beginning on 1 January 2025, the Amendments that are effective for annual periods beginning on or after 1 January 2025.

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

2.2 Accounting Standards, Amendments and Interpretations issued but not yet effective (con't)

The initial application of the abovementioned Amendments is not expected to have any material financial impact on the current-period and prior-period financial statements of the Group and the Company.

3. Qualification of Financial Statements

There was no qualification on the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

4. Seasonal or Cyclical Factors

The utilisation rate of the Group's vessels is 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

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 gain on foreign currency translation of the results and financial position of the Labuan subsidiaries.

During the current quarter financial year, other expenses comprise net realised/unrealised foreign exchange loss of RM10.8 million, whereas other comprehensive income includes foreign currency translation gain of RM29.2 million.

6. Material Changes in Estimates

In 2022, an oil-major client agreed on a Revision of the Vessel Age Limit of Anchor Handling Tug Supply (AHTS) vessels from fifteen (15) years to twenty (20) years subject to the fulfillment of the Conditional Assessment Programme ("CAP") and Overall Offshore Vessel Management Self-Assessment ("OVMSA").

Following the revision, PPB has revised the useful lives of AHTS to 20 years, and this has resulted in a reduction in the depreciation charges for the vessels.

With the above revision and the improving prospects of the oil market, the Group re-assessed the value-in-use, and where appropriate the fair value less cost to sell, of the AHTS and other vessels, following which a net reversal of provision for impairment loss on property, plant and equipment of RM8.0 million was made for the quarter and year ended 31 December 2023. There is no such reversal of provision for impairment loss nor additional provision for impairment loss in the current quarter.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

7. Issuance and Repayment of Debts and Equity Securities

There has been no cancellation, repurchase, resale or repayment of debts and equity securities in the current quarter and financial year other than the conversion of 344,770 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 1,442,176,080 as at 31 March 2024 and the number of RCPS yet to be converted as at that date is 21,453,119.

8. Dividends Paid

No dividend has been declared or paid for the financial year ended 31 December 2023 and the quarter ended 31 March 2024.

9. Segmental Information

	Marine Offshore Support Services	
	Current Quarter/ Period-to-date Ended 31-Mar-24 RM'000	Corresponding Quarter/ Period-to-date Ended 31-Mar-23 RM'000
Segment profit/(loss)	12,021	(9,076)
<i>Included in the measure of segment profit/(loss) are:</i>		
Revenue from external customers	99,219	29,633
Inter-segment revenue	83,624	38,818
Depreciation and amortization	(16,510)	(12,916)
Finance costs	(628)	(794)
Finance income	27	58
Unrealised foreign exchange (loss)/gain	(9,213)	104
Segment assets	922,658	508,553
Reconciliation of reportable segment revenues, profit or loss, assets and other material items		
Profit or loss		
Total profit/(loss) for reportable segments	12,021	(9,076)
Other non-reportable segments	(2,774)	(641)
Elimination of inter-segments	21	11
Consolidated profit/(loss) before tax	9,268	(9,706)

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

9. Segmental Information (Cont'd)

	External revenue	Depreciation and amortisation	Finance costs	Finance income	Segment assets
Current Quarter/ Period-to-date Ended 31 March 2024	RM'000	RM'000	RM'000	RM'000	RM'000
Total reportable segments	99,219	(16,510)	(628)	27	922,658
Other non-reportable Segments	-	(128)	(1,251)	110	689,893
Elimination of inter- segment transactions or balances	-	-	108	(108)	(685,588)
Consolidated total	99,219	(16,638)	(1,171)	29	926,963

	External revenue	Depreciation and amortisation	Finance costs	Finance income	Segment assets
Current Quarter/ Period-to-date Ended 31 March 2023	RM'000	RM'000	RM'000	RM'000	RM'000
Total reportable segments	29,633	(12,916)	(794)	58	508,553
Other non-reportable Segments	-	(33)	(395)	5	363,259
Elimination of inter- segment transactions or balances	-	-	-	-	(72,027)
Consolidated total	29,633	(12,949)	(1,189)	63	799,785

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2024****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134****10. Revenue****10.1 Disaggregation of Revenue from Contracts with Customers**

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

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

	Current Quarter Ended 31-Mar-24 RM'000	Corresponding Quarter Ended 31-Mar-23 RM'000
Major service line		
Catering services	2,382	1,703
Timing of recognition		
Over time	2,382	1,703

10.2 Nature of services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms
Catering services	Revenue is recognized over time when the services are performed and accepted by the customers.	Credit periods of 30 to 45 days from invoice date.

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

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

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

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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

There were no revaluations of property, plant and equipment during the quarter ended 31 March 2024, after those carried out for the year ended 31 December 2023 (see below for further details). As at 31 March 2024, all major property, plant and equipment were stated at cost less accumulated depreciation and accumulated impairment losses.

The Group reviews its vessels for impairment in accordance with MFRS 136, *Impairment of Assets*. The recoverable amounts of the vessels are determined based on the higher of fair value less costs of disposal (“FVLCOD”) and value in use (“VIU”). The Group considers each vessel with vessel parts and for which drydocking has been carried out as a cash-generating unit (“CGU”). In instances where the impairment loss of vessels is determined based on their FVLCOD, valuations are performed by an independent valuer using the market approach to determine the FVLCOD.

The Group’s accumulated impairment loss for PPE remains at USD48.5 million as at 31 March 2024 and 31 December 2023 (equivalents to RM229 million and RM223 respectively, where the difference is attributable to the difference in the exchange rate at the reporting dates).

12. Material Events Subsequent to the Reporting Period

There were no material events after the current financial quarter ended 31 March 2024 up to the date of this report which is likely to substantially affect the financial results of the Group.

13. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter ended 31 March 2024.

14. Contingent Liabilities

a) The following are the contingent liabilities of the Group and the Company as at 31 March 2024:

	As at 31-Mar-24	
	Group RM'000	Company RM'000
<u>Contingent liabilities not considered remote</u>		
Corporate guarantees favouring banks for facilities granted to:		
- ultimate holding company	-	-
- subsidiaries	-	24,744
	-	24,744

The Corporate guarantees favouring banks for facilities granted to the holding company were fully discharged during the financial year ended 31 December 2023.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

14. Contingent Liabilities (Cont'd)

- b) (i) In 2022 there were two (2) incidents of anchor loss involving two (2) offshore support vessels (“OSV”) chartered out by one of the Group’s subsidiaries to two (2) engineering, procurement, construction and commissioning (“EPCC”) contractors.

The Protection and Indemnity Mutual Association (“P&I Club”) made an initial offer to indemnify the Group up to USD2,000,000 for the cost of recovery of both lost anchors with a penalty claim premium of USD200,250 imposed on the Group. Following the conclusion of the assessment of the loss and acceptance of the compensation offered, the Club paid a compensation of USD333,333.33 to the first EPCC contractor on 2 May 2023 and this claim has been closed.

As for the remaining claim, Management is reviewing the recovery plan as required by the EPCC contractor in consultation with the P&I Club. If the final cost of recovery exceeds the original estimate of USD1,670,000, the Club may review the impact of the additional cost on the premiums chargeable to the Group going forward.

- (ii) In the fourth quarter of 2023 there was an incident involving one of our offshore support vessels chartered to a client while being used by the client. The mutual insurance association providing indemnity cover has been notified and the investigation together with our client is still ongoing.

As this incident is still under investigation, the cost of the alleged damage cannot be ascertained at this juncture.

All the Group’s legal rights are reserved.

For the avoidance of doubt, based on the information made available as at this date and substantiation by the management, the Directors are of the view that no material losses will arise from the possible additional claims at the date of these financial statements.

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
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The Group's capital commitments as at 31 March 2024 are as follows:

	31-Mar-24	31-Mar-23
	RM'000	RM'000
Approved but not contracted for	38,605	33,363
Approved and contracted for	192	685
	38,797	34,048

16. Significant Related Party Transactions

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

Company	Current Quarter Ended 31-Mar-24 RM'000	Corresponding Quarter Ended 31-Mar-23 RM'000
i. Subsidiaries:		
- management fees income	732	648
ii. Related party:		
- interest expense	1,248	414
Group		
i. Related party:		
- vessel charter income	5,015	9,143
- interest expense	1,248	414

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-Mar-24 RM'000	Corresponding Quarter Ended 31-Mar-23 RM'000
Short-term employee benefits	289	478

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

	Current Quarter Ended 31-Mar-24 RM'000	Corresponding Quarter Ended 31-Mar-23 RM'000	Variance	
			RM'000	%
Revenue	99,219	29,633	69,586	235
Gross Profit/(Loss)	25,484	(5,863)	31,347	535
Profit/(Loss) Before Interest and Taxation	11,010	(8,580)	19,590	228
Profit/(Loss) Before Taxation	9,268	(9,706)	18,974	195
Profit/(Loss) After Taxation	6,071	(8,257)	14,328	174
Profit/(Loss) Attributable to Ordinary Equity Holders of the Company	6,071	(8,257)	14,328	174

For the current quarter ended 31 March 2024, the Group has more than tripled its revenue to RM99.2 million and improved its profit before tax to RM9.3 million, as compared to a revenue of RM29.6 million and a loss before tax of RM9.7 million in the first quarter of 2023.

The higher revenue in the current quarter is mainly attributable to higher utilization rate (62% vs 31%) and better daily charter rates ("DCR") as the demand for OSVs required for offshore production operations and maintenance activities continues in 2024. Higher chartering of third-party vessels also contributed to the higher revenue generated.

The higher utilization rate mentioned above also contributed to a higher profit before tax for the current quarter. The profit before tax would have been higher if not for the unrealised loss on foreign exchange of RM10.4 million and higher interest expenses that increased by 0.6 million.

The profit after tax of RM6.1 million in the current quarter was arrived at after taking into account income tax expense of RM3.2 million (see Note 21).

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

	Current Quarter Ended 31-Mar-24 RM'000	Corresponding Quarter Ended 31-Dec-23 RM'000	Variance	
			RM'000	%
Revenue	99,219	98,722	497	1
Gross (Loss)/Profit	25,484	24,130	1,354	6
Profit Before Interest and Taxation	11,010	33,154	(22,144)	(67)
Profit Before Taxation	9,268	31,240	(21,972)	(70)
Profit After Taxation	6,071	21,363	(15,292)	(72)
Profit Attributable to Ordinary Equity Holders of the Company	6,071	21,363	(15,292)	(72)

The Group registered marginally higher revenue of RM99.2 million and a lower profit before tax of RM9.3 million in the current quarter, as compared to a revenue of RM98.7 million and a profit before tax of RM 31.2 million in the preceding quarter.

The El Nino has lessened the monsoonal effect in the current quarter, leading to higher revenue on account of higher utilization rate (62% vs 53%) and better DCR, despite a lower revenue from third-party vessel chartering and lower income generated from chargeable ancillary services.

The profit before tax of RM9.3 million was lower than the RM 31.2 million achieved in the preceding quarter. While the current quarter was impacted by an unrealised loss on foreign exchange of RM10.4 million, the preceding quarter's results were buoyed by the reversal of impairment loss on property, plant and equipment of RM8.0 million and the reversal of foreign exchange loss of RM7.0 million's result. The profit before tax of the current quarter would have been lower if not for the lower administration and interest expenses.

The profit after taxation in the current quarter took into account tax expenses amounting to RM3.2 million as compared to RM9.9 million for the preceding quarter (see Note 21).

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

19. Prospects

The oil and gas outlook remains strong with the benchmark Brent oil price remaining above USD80 per barrel in recent months due to improving global economic prospects. The International Monetary Fund projected global growth to be 3.1% in 2024, which is 0.2 percentage point higher than the October 2023 forecast. This is due to the United States' greater-than-expected resilience, fiscal support in China, and the economic resilience of other large emerging markets and developing economies. At the same time, the U.S. Energy Information Administration has forecasted the Brent spot price to average \$89.97 per barrel in the first quarter of 2024, \$91.34 per barrel in the second quarter, \$89.67 per barrel in the fourth quarter, and \$88.55 per barrel overall in 2024.

PETRONAS during their Financial Results Announcement in March 2024 indicated they would allocate a sum between RM 50 billion and RM 60 billion for capital expenditure in 2024. In addition, the “Petronas Activity Outlook 2024-2026”, projected a steady outlook for the Malaysian offshore activities which will likely see an increase in drilling, development and maintenance project activities, thus auguring well for the offshore support vessels (“OSVs”) markets. The markets are thus expected to see a continued tightening of the supply of OSVs.

Even though there was visibility of the OSV market growth from the tight supply of OSVs in 2024, we are still cautiously optimistic given the uncertainty in the outlook due to the current geopolitical dynamics, especially the Middle East tensions, the uncertainty of USD/MYR exchange rate as well as rising inflation. Moving forward, we will continue to manage our operations prudently to adapt to the rapidly evolving environment and will leverage our strength and improved efficiency to remain sustainable and relevant in the long term.

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20. Profit/loss for the Quarter / Period

	Current Quarter Ended 31-Mar-24 RM'000	Corresponding Quarter Ended 31-Mar-23 RM'000	Current Year Ended 31-Mar-24 RM'000	Corresponding Year Ended 31-Mar-23 RM'000
Profit/ loss for the quarter / period is arrived at after charging / (crediting):				
Depreciation of property, plant and equipment	16,638	12,949	16,638	12,949
Interest expense	1,771	1,189	1,771	1,189
Interest income	(29)	(63)	(29)	(63)
(Gain) / Loss on foreign exchange:				
- realised	331	168	331	168
- unrealised	10,440	(151)	10,440	(151)

Save for the above, there were no write-offs 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 the financial period ended 31 March 2024.

21. Taxation

The provision of taxation for the current quarter and financial year under review are as follows:

	Current Quarter Ended 31-Mar-24 RM'000	Corresponding Quarter Ended 31-Mar-23 RM'000	Current Year Ended 31-Mar-24 RM'000	Corresponding Year Ended 31-Mar-23 RM'000
Current tax expense:				
Malaysian - current year	5,599	15	5,599	15
Deferred tax income:				
- Origination and reversal of temporary difference	(2,402)	(1,464)	(2,402)	(1,464)
Total Tax Expense/(Income)	3,197	(1,449)	3,197	(1,449)

For the current quarter ended 31 March 2024, the Group has recorded net income tax expense of RM3.2 million comprising RM5.6 million in current tax charged on the profit generated, which is reduced by the deferred tax income of RM2.4 million as a result of an increase in deferred tax assets arising from unrealised foreign exchange losses.

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The tax charge for the year is higher than the statutory tax rate due principally to the incurrence of non-deductible expenses such as unrealised foreign exchange losses and recharter fees. The tax charge would have been higher if not because of the lower tax rate imposed on the chargeable profits of the Labuan subsidiaries of the Group.

22. Corporate Proposals

There were no corporate proposals announced but not completed as at 14 May 2024, being the latest practicable date not earlier than 7 days from the date of issue of this interim report.

23. Borrowings

Total Group's borrowings as at 31 March 2024 were as follows:

	As at Current Period Ended 31-March-2024					
	Non-current		Current		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
- Term loans	3,066	14,506	2,164	10,238	5,230	24,744
- Finance lease	-	112	-	64	-	176
Total	3,066	14,618	2,164	10,302	5,230	24,920

Exchange rate (USD: MYR) at USD1: MYR4.731 (Source of reference: Bank Negara Malaysia website)

Total Group's borrowings as at 31 December 2023 were as follows:

	As at Current Period Ended 31-Dec-2023					
	Non-current		Current		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
- Term loans	3,607	16,574	2,259	10,381	5,866	26,955
- Finance lease	-	129	-	63	-	192
Total	3,607	16,703	2,259	10,444	5,866	27,147

Exchange rate (USD: MYR) at USD1: MYR4.595 (Source of reference: Bank Negara Malaysia website)

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As at 31 March 2024, the total outstanding borrowings were RM24.9 million as compared to RM27.1 million as at 31 December 2023.

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

24. Proposed Dividends

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

No dividend was declared or paid for the financial year ended 31 December 2023.

25. Earnings/(Loss) Per Share**a) Basic**

	Current Quarter Ended 31-Mar-24	Corresponding Quarter Ended 31-Mar-23	Current Period-to-date Ended 31-Mar-24	Corresponding Period-to-date Ended 31-Mar-23
Net profit/(loss) attributable to shareholders (RM'000)	6,071	(8,257)	6,071	(8,257)
Number of ordinary shares at the beginning of the quarter/period	2,220,302,259	2,217,418,991	2,220,302,259	2,217,418,991
Effect of conversion of RCPS to ordinary shares	33,603	91,633	33,603	91,633
Weighted average number of ordinary shares in issue	2,220,335,322	2,217,510,624	2,220,335,322	2,217,510,624
Basic earnings/(loss) per ordinary share (Sen)	0.27	(0.37)	0.27	(0.37)

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26. Earnings/(Loss) Per Share (Con't)

b) Diluted

	Current Quarter Ended 31-Mar-24	Corresponding Quarter Ended 31-Mar-23	Current Period-to-date Ended 31-Mar-24	Corresponding Period-to-date Ended 31-Mar-23
Net profit/(loss) attributable to shareholders (RM'000)	6,071	(8,257)	6,071	(8,257)
Number of ordinary shares at the beginning of the quarter/period	2,220,302,259	2,217,418,991	2,220,302,259	2,217,418,991
Effect of conversion of RCPS to ordinary shares*	21,797,889	24,682,157	21,797,889	24,682,157
Weighted average number of ordinary shares in issue	2,242,100,148	2,242,100,148	2,242,100,148	2,242,100,148
Diluted earnings/(loss) per ordinary share (Sen)	0.27	(0.37)	0.27	(0.37)

*Diluted EPS is computed on the assumption that all outstanding RCPS at the end of a financial year are fully converted into ordinary shares on the first day of the following financial year.

The Company has on 31 December 2019 issued and allotted 1,463,629,199 RCPS that are convertible into new ordinary shares in the Company (see Note 7). As at the financial period ended 31 March 2024, only 21,453,119 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: 21 May 2024