

Quarterly rpt on consolidated results for the financial period ended 30/6/2014

PERISAI PETROLEUM TEKNOLOGI BHD

Financial Year End 31/12/2014
 Quarter 2
 Quarterly report for the financial period ended 30/06/2014
 The figures have not been audited

Attachments

[Perisai-Quarterly Report Q2 2014.pdf](#)

57 KB

[Perisai-Notes to Accounts Q2 2014.pdf](#)

329 KB

- Default Currency
- Other Currency

Currency: **Malaysian Ringgit (MYR)**

SUMMARY OF KEY FINANCIAL INFORMATION 30/06/2014

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/06/2014 \$\$'000	30/06/2013 \$\$'000	30/06/2014 \$\$'000	30/06/2013 \$\$'000
1 Revenue	10,776	31,983	21,646	63,682
2 Profit/(loss) before tax	4,158	13,185	4,211	24,914
3 Profit/(loss) for the period	4,158	27,141	4,345	52,746
4 Profit/(loss) attributable to ordinary equity holders of the parent	961	24,061	-2,028	47,743
5 Basic earnings/(loss) per share (Subunit)	0.08	2.57	-0.18	5.17

6 Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7 Net assets per share attributable to ordinary equity holders of the parent (\$\$)		0.8800		0.8300

Remarks :

This announcement is dated 13 August 2014.

Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit.

Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

Announcement Info

Company Name	PERISAI PETROLEUM TEKNOLOGI BHD
Stock Name	PERISAI
Date Announced	13 Aug 2014
Category	Financial Results
Reference No	PP-140813-32218

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED 30 JUNE 2014**

		Individual Period		Cumulative Period	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
Note		30 June 2014	30 June 2013	30 June 2014	30 June 2013
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Continuing operations					
Revenue	A8	10,776	31,983	21,646	63,682
Direct cost		(9,763)	(9,726)	(19,720)	(22,306)
Gross profit		1,013	22,257	1,926	41,376
Other income		3,028	902	3,499	2,523
Operating expenses		(8,416)	(7,443)	(16,097)	(13,927)
Finance costs		(3,588)	(2,588)	(6,985)	(5,268)
Share of results of associates, net of tax		1,226	57	2,163	210
Share of results of joint ventures, net of tax		10,895	-	19,705	-
Profit before tax	B1	4,158	13,185	4,211	24,914
Tax credit/(expense)	B5	-	-	134	40
Profit for the period from continuing operations, net of tax		4,158	13,185	4,345	24,874
Discontinued operation					
Profit for the period from discontinued operation,net of tax	A14	-	13,956	-	27,872
Profit for the period, net of tax		4,158	27,141	4,345	52,746
Profit attributable to:					
Owners of the Company		961	24,061	(2,028)	47,743
Non-controlling interests		3,197	3,080	6,373	5,003
		4,158	27,141	4,345	52,746
Earnings per share ("EPS") attributable to owners of the company (sen)					
Basic EPS	B12(a)	Sen	Sen	Sen	Sen
-from continuing operations		0.08	1.08	(0.18)	2.15
-from discontinued operation		-	1.49	-	3.02
		0.08	2.57	(0.18)	5.17
Diluted EPS	B12(b)				
-from continuing operations		0.08	1.06	(0.18)	2.12
-from discontinued operation		-	1.47	-	2.98
		0.08	2.53	(0.18)	5.10

The unaudited consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes.

PERISAI PETROLEUM TEKNOLOGI BHD
(Company No.: 632811-X)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2014**

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	4,158	27,141	4,345	52,7
<i>Items that may subsequently be classified to profit or loss:</i>				
Foreign currency translation differences arising during the financial period	(13,594)	7,570	(12,031)	10,5
Cash flow hedged				
- fair value changes during the period	784	-	992	-
- reclassified adjustments for amounts recognised in profit or loss	(551)	-	(802)	-
Total comprehensive income	<u>(9,203)</u>	<u>34,711</u>	<u>(7,496)</u>	<u>63,32</u>
Attributable to:				
Owners of the Company	(10,655)	29,700	(11,787)	55,56
Non-controlling interests	<u>1,452</u>	<u>5,011</u>	<u>4,291</u>	<u>7,72</u>
	<u>(9,203)</u>	<u>34,711</u>	<u>(7,496)</u>	<u>63,32</u>

The unaudited consolidated comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes.

PERISAI PETROLEUM TEKNOLOGI BHD
(Company No.: 632811-X)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	As At End Of Current Quarter 30 June 2014 RM'000 (Unaudited)	As At End Of Previous Financial Year 31 December 2013 RM'000 (Audited)
Non-current assets			
Plant and equipment	A9	1,268,410	548,216
Intangible assets		75	75
Investment in associates		2,334	1,315
Investment in joint ventures		498,451	488,698
Prepayment	B8	277,036	142,238
		<u>2,046,306</u>	<u>1,180,542</u>
Current assets			
Trade receivables		16,889	20,386
Other receivables, deposits and prepayment		55,007	188,475
Tax recoverable		168	251
Cash and bank balances		<u>45,433</u>	<u>62,917</u>
		<u>117,497</u>	<u>272,029</u>
TOTAL ASSETS		<u><u>2,163,803</u></u>	<u><u>1,452,571</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		119,313	108,453
Share premium		638,407	486,025
Treasury shares		(231)	(231)
Retained earnings	B14	283,944	285,972
Other reserves		7,960	22,738
Equity attributable to owners of the Company		<u>1,049,393</u>	<u>902,957</u>
Non-controlling interests		<u>104,695</u>	<u>100,404</u>
Total equity		<u><u>1,154,088</u></u>	<u><u>1,003,361</u></u>
Non-current liabilities			
Loans and borrowings	B7	705,934	272,023
Derivatives liability		451	1,443
		<u>706,385</u>	<u>273,466</u>
Current liabilities			
Trade payables		207	543
Other payables and accruals	B9	106,272	93,149
Loans and borrowings	B7	196,835	82,012
Tax payable		16	40
		<u>303,330</u>	<u>175,744</u>
Total liabilities		<u>1,009,715</u>	<u>449,210</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,163,803</u></u>	<u><u>1,452,571</u></u>
Net assets per share attributable to owners of the parent (RM)			
		0.88	0.83

The unaudited consolidated financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes.

PERISAI PETROLEUM TEKNOLOGI BHD

(Company No.: 632811-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2014**

	Attributable to Equity Holders of the Company							Non-controlling Interest	Total equity
	Non-distributable				Distributable				
Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Other reserves RM'000	Reserve of disposal group classified as held for sale RM'000	Retained earnings RM'000	Sub-total RM'000	RM'000	RM'000
At 1 January 2013 (Audited)	85,178	198,268	(231)	8,267	(23,244)	214,187	482,425	82,230	564,65
Comprehensive income									
Profit for the financial period	-	-	-	-	-	47,743	47,743	5,003	52,74
Other comprehensive income									
Foreign currency translation differences	-	-	-	7,819	-	-	7,819	2,756	10,57
Total comprehensive income for the period	-	-	-	7,819	-	47,743	55,562	7,759	63,32
Transactions with owners									
Share options exercised	5	35	-	-	-	-	40	-	4
Share options granted under ESOS	-	-	-	3,631	-	-	3,631	-	3,63
Shares issuance pursuant to private placement	8,513	77,568	-	-	-	-	86,081	-	86,08
Reserve of disposal group classified as held for sale	-	-	-	(10,880)	10,880	-	-	-	-
Transfer to share premium for share options exercised	-	23	-	(23)	-	-	-	-	-
	8,518	77,626	-	(7,272)	10,880	-	89,752	-	89,75
At 30 June 2013 (Unaudited)	93,696	275,894	(231)	8,814	(12,364)	261,930	627,739	89,989	717,72
At 1 January 2014 (Audited)	108,453	486,025	(231)	22,738	-	285,972	902,957	100,404	1,003,36
Comprehensive income									
Profit for the financial period	-	-	-	-	-	(2,028)	(2,028)	6,373	4,34
Other comprehensive income									
Foreign currency translation differences	-	-	-	(9,949)	-	-	(9,949)	(2,082)	(12,03
Cash flow hedge	-	-	-	190	-	-	190	-	19
Total comprehensive income for the period	-	-	-	(9,759)	-	(2,028)	(11,787)	4,291	(7,49
Transactions with owners									
Share options exercised	A6 18	121	-	-	-	-	139	-	13
Share options granted under ESOS	-	-	-	(4,941)	-	-	(4,941)	-	(4,94
Net proceeds from share issuance pursuant to private placement									
- Gross proceeds	A6 10,842	155,041	-	-	-	-	165,883	-	165,88
- Share issue expenses	A6 -	(2,858)	-	-	-	-	(2,858)	-	(2,85
Transfer to share premium for share options exercised	-	78	-	(78)	-	-	-	-	-
	10,860	152,382	-	(5,019)	-	-	158,223	-	158,22
At 30 June 2014 (Unaudited)	119,313	638,407	(231)	7,960	-	283,944	1,049,393	104,695	1,154,08

The condensed unaudited consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and 1 accompanying explanatory notes.

PERISAI PETROLEUM TEKNOLOGI BHD
(Company No.: 632811-X)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2014

		6-month ended 30 June 2014 RM'000 (Unaudited)	30 June 2013 RM'000 (Unaudited)
Cash flow from operating activities			
Profit before taxation			
Continuing operations		4,210	24,914
Discontinued operation	A14	-	27,892
Adjustment for :			
Depreciation of plant and equipment		18,415	19,968
(Gain)/loss on disposal of plant and equipment		(1,438)	55
Net unrealised (gain)/loss on foreign exchange		(894)	-
Share of results of associates		(2,163)	(210)
Share of results of joint ventures		(19,705)	-
Share options granted under Employees' share option scheme ("ESOS")		4,941	3,631
Interest expense:			
-continuing operations		6,985	5,268
-discontinued operations	A14	-	1,781
Interest income		(354)	(358)
Operating profit before working capital changes		9,997	82,941
Changes in working capital :			
Change in receivables		4,144	(2,596)
Change in payables		13,574	(33,062)
Cash generated from operating activities		27,715	47,283
Interest paid		(7,039)	(7,049)
Interest received		354	358
Tax paid		(76)	(72)
Tax refunded		271	-
Net cash generated from operating activities		21,225	40,520
Cash flow from investing activities			
Subscription of shares in an associates		(40)	-
Prepayment of plant and equipment		(737,258)	(69,909)
Purchase of plant and equipment		(9,714)	(599)
Proceeds from disposal of plant and equipment		1,415	196
Net advances (to)/from associates		(6)	-
Net advances (to)/from joint ventures		(9,060)	-
Purchase of intangible assets		-	(75)
Net cash used in investing activities		(754,663)	(70,387)
Cash flow from financing activities			
Payment of hire purchase		(54)	(293)
Net proceeds from shares issuance pursuant to private placement			
- Gross proceeds	A6	165,882	87,691
- Share issuance expenses	A6	(2,858)	(1,610)
Proceeds from share issuance pursuant to ESOS	A6	139	40
Drawdown of loans and borrowings		590,971	459
Repayment of loans and borrowings		(31,439)	(48,295)
Net cash generated from financing activities		722,641	37,992
Net (decrease)/increase in cash and cash equivalents during the period		(10,797)	8,125
Effect of exchange rate changes		(2,054)	6,560
		(12,851)	14,685
Cash and cash equivalents at beginning of period		53,376	30,434
Cash and cash equivalents at end of period *		40,525	45,119
* Cash and cash equivalents comprise :			
Cash and bank balances		45,434	50,157
Bank overdraft		(4,909)	(10,776)
Bank balances as held for sale		-	5,738
		40,525	45,119

The condensed unaudited consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes.

NOTES TO THE ACCOUNTS

PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134

1. Basis Of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013. 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 Perisai Petroleum Teknologi Bhd ("Perisai" or the "Company") and its subsidiaries ("Group") since the financial year ended 31 December 2013.

2. Changes In Accounting Policies

- a) The Group adopted the following Amendments/Improvement to Standards and new IC Interpretations ("IC Int") effective as of 1 January 2014:-

Amendments/Improvement to MFRSs

MFRS 10	Consolidated Financial Statements: Investment Entities
MFRS 12	Disclosure of Interest in Other Entities: Investment Entities
MFRS 127	Separate Financial Statements: Investment Entities
MFRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
MFRS 136	Impairment of Assets – Recoverable amount Disclosures for Non-Financial Asset
MFRS 139	Novation of Derivatives and Condition of Hedged Accounting

New IC Int

IC Interpretation 21	Levies
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The adoption of the above Amendments to MFRSs and new IC Int did not have any material effect on the financial statements of the Group.

- b) At the date of this report, the following new MFRs and Amendments/Improvements to MFRSs were issued but not yet effective and have not been applied by the Group:

MFRS 9	Financial Instruments (IFRS 9 issued by International Accounting Standards Board ("IASB") in November 2009)*
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)*
MFRS 9	Financial Instruments: Mandatory Effective Date of MFRS 9 and Transition Disclosures (Amendments to MFRS 9 and MFRS 7)*
MFRS 9	Financial Instruments: (Hedged Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)*

Amendments to MFRS 7	Financial Instruments: Disclosures*** - Mandatory Effective Date of MFRS 9 and Transition Disclosure
Amendments to MFRS 119	Defined Benefit Plan: Employee Contribution**
Annual Improvements to MFRSs 2010 – 2012 Cycle**	
Annual Improvements to MFRSs 2011 – 2013 Cycle**	

**Effective for financial periods beginning on or after – to be announced by the Malaysian Accounting Standard Board*

*** Effective for financial periods beginning on or after – 1 July 2014*

****Applies when MFRS 9 is applied*

The Group will adopt the above new MFRS and Amendments/Improvements to MFRSs when it becomes effective in the respective financial periods. The adoption of the above mentioned amendments to MFRSs are not expected to have any material effect to the financial statements of the Group upon initial recognition, except MFRS 9 Financial Instruments. The Group will assess the financial implications of MFRS 9 Financial Instruments when the full standard is issued and effective.

3. Seasonal Or Cyclical Factors

The Group's operations are not materially subject to any seasonal or cyclical factors except for severe weather conditions.

4. Unusual Items Due To Their Nature, Size Or Incidence

There were no unusual items affecting assets, liabilities, equity, net income and cash flows during the financial period ended 30 June 2014.

5. Changes In Estimates

There were no significant changes in estimates that had a material effect on the results for the financial period ended 30 June 2014.

6. Debts And Equity Securities

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 30 June 2014:

- i. New ordinary shares of RM0.10 issued each pursuant to the exercise of options granted under the Employee Share Option Scheme at the option price of RM0.785 per ordinary share were as follows:-

Quarter ended	Number of ordinary shares	Exercise Price	RM
31 March 2014	172,000	RM0.785	135,020
30 June 2014	5,000	RM0.785	3,925

- ii. On 10 April 2014, Perisai completed the listing and quotation of a private placement of up to 10% of the issued and paid up share capital as follows:

Number of Ordinary shares	Issue Price	RM
108,419,998	RM1.53	165,882,597

As at 30 June 2014, 400,000 shares of RM0.10 each were held as treasury shares in accordance with the requirement of section 67A of the Companies Act, 1965.

7. Dividends Paid

There were no dividends paid during the financial period ended 30 June 2014.

8. Segmental Information

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Segment Revenue				
Revenue from continuing operations				
Marine vessels	10,776	11,857	21,646	23,622
Production unit	-	19,694	-	39,192
Others	-	432	-	868
Total revenue	10,776	31,983	21,646	63,682
Segment Results				
Results from continuing operations				
Marine vessels	7,771	5,910	14,055	11,730
Production unit	(6,782)	11,952	(13,773)	23,652
Others	(8,950)	(4,734)	(17,939)	(10,678)
Share of results in associates	1,225	57	2,163	210
Share of results in joint ventures	10,894	-	19,705	-
Total results	4,158	13,185	4,211	24,914

9. Valuation Of Property, Plant and Equipment

The Group did not revalue any plant and equipment during the financial period ended 30 June 2014.

10. Subsequent Events

Save as disclosed below, there were no material events subsequent to the financial period ended 30 June 2014;

- On 18 July 2014, Perisai Capital (L) Inc., a wholly owned subsidiary of the Company had issued S\$102,000,000 in principal amount of fixed rate notes due 2016 (to be consolidated and form a single series with the S\$23,000,000 6.875% notes due 2016) pursuant to the issuance of S\$23,000,000 6.875% notes due 2016 on 3 October 2013 under the S\$700,000,000 multicurrency medium term note programme established by the Issuer on 19 August 2014.
- On 8 August 2014, the Company had obtained an approval from the Labuan Financial Services Authority dated 7 August 2014 for the transfer of the Company's 100% equity interest in Garuda Energy (L) Inc ("Garuda") to its wholly-owned subsidiary, Perisai Production Holdings Sdn Bhd ("PPHSB") for a total cash consideration of RM220,076,060 ("Internal Re-organisation").

Following the Internal Re-organisation, Garuda became an indirect wholly-owned subsidiary of the Company.

11. Changes In Composition Of The Group

Save as disclosed below, there were no changes in the composition of the Group during the financial period ended 30 June 2014.

- a) On 19 March 2014, the Company incorporated a new associate company, Larizz Energy Services Sdn. Bhd.; in which the Company holds a 40% equity interest whilst the remaining 60% is held by Zainol Izzet bin Mohamed Ishak, the managing director of the Company.
- b) On 22 April 2014, Perisai Drilling Holdings Sdn Bhd, a wholly-owned subsidiary of Perisai incorporated two (2) new wholly-owned subsidiaries companies in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act 1990, the particulars of which are set out in the table below :

Name of Company	Issued and Paid-up Share capital
Perisai Pacific 102 (L) Inc	USD1,000 divided into 1,000 ordinary shares of USD1.00 each
Perisai Pacific 103 (L) Inc	USD1,000 divided into 1,000 ordinary shares of USD1.00 each

The incorporation of these two (2) wholly-owned subsidiaries is for the purposes of asset ownership within its drilling division.

12. Changes In Contingent Liabilities

Save as disclosed below, the Directors are not aware of any material contingent liabilities, which, upon becoming enforceable, may have a material impact on the financial position of the Group during the financial period ended 30 June 2014.

Corporate Guarantee of RM506.02million issued by the Group for banking facilities granted to its joint ventures.

13. Changes In Contingent Assets

The Directors are not aware of any material contingent assets, which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group during the financial period ended 30 June 2014.

14. Discontinuing Operations

On 26 December 2013, the Company completed its disposal of 49% equity interest in SJR Marine (L) Ltd ("SJR Marine") as mentioned in Note A15 and B6 of the Bursa quarterly announcement for the financial quarter ended 31 December 2013. The results from this subsidiary prior to the completion date of disposal are presented separately on the consolidated statement of profit or loss and other comprehensive income as "profit for the financial year from discontinued operations" in accordance with MFRS 5 "Non- Current Assets Held For Sale and Discontinued Operations".

Subsequent to the disposal the result of the remaining 51% equity interest in SJR Marine was reflected under the caption of share of results of joint ventures.

15. Material Commitments

Save as disclosed below, the Group is not aware of any material commitments incurred or known to be incurred by the Group which upon becoming enforceable may have a material impact on the profit or net assets value of the Group as at 30 June 2014.

	RM'Million
Capital expenditure	
Approved and contracted for:	
Construction of two (2) Jack-up Drilling rigs	1,078

16. Significant Related Party Transactions

Save as disclosed below, there were no significant related party transactions during the financial period ended 30 June 2014.

The recurrent related party transactions with the Group are as follows:-

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Bareboat charter of vessels to Emas Offshore Pte. Ltd.*	3,707	3,610	7,559	7,185
Bareboat charter of vessels to Emas Offshore (M) Sdn. Bhd.*	7,069	6,578	14,087	13,092
Vessel maintenance expenses charged by Emas Offshore Services Pte. Ltd.*	-	42	-	165
Vessel maintenance expenses charged by Emas Offshore Services (M) Sdn Bhd*	92	343	236	343
Agency fee charged by Larizz Petroleum Services Sdn. Bhd.#	45	45	90	90
Agency fee charged by Perisai Offshore Sdn. Bhd.#	27	-	55	-
Secondment of personnel to Victoria Production Services Sdn Bhd^	74	-	148	-

*The transactions above involve Emas Offshore Pte Ltd, Emas Offshore (M) Sdn Bhd, Emas Offshore Services (M) Sdn Bhd and Emas Offshore Services Pte Ltd which are wholly owned subsidiaries of Ezra Holdings Limited ("Ezra"). Ezra is an indirect major shareholder of Perisai which holds Perisai's shares through its wholly owned subsidiaries HCM Logistics Limited, Emas Offshore (M) Sdn Bhd and its 45.7% associate company EOC Limited ("EOC").

#Agency fees charged by Larizz Petroleum Services Sdn Bhd ("LPSSB") and Perisai Offshore Sdn Bhd ("POSB") is a recurrent related party transaction as Encik Zainol Izzet Bin Mohamed Ishak is a major shareholder of LPSSB and a substantial shareholder of POSB. He is also a director and one of the substantial shareholders of Perisai.

^The transactions above involving Victoria Production Services Sdn Bhd being a Joint Venture between Perisai and EOC. EOC is a major shareholder of Perisai and a 45.7% associate company of Ezra. Ezra is an indirect major shareholder of Perisai, which holds Perisai Shares through HCM Logistics Limited, Emas Offshore (M) Sdn Bhd and EOC.

17. Fair Value Measurements

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, the lowest level input that is significant to the fair value measurement as a whole.

- (a) Level 1 fair value measurement are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (c) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provided the fair value measurement hierarchy of the Group's assets and liabilities:

Liabilities measured at fair value

	Amount	Level 1	Level 2	Level 3
	RM'000	RM'000	RM'000	RM'000
Group				
Derivative financial instruments				
-cross currency interest rate swaps *	451	-	451	-

There were no transfers between Level 1 and Level 2 during the period ended 30 June 2014 and the Group does not have any financial instruments classified as Level 3 as at 30 June 2014.

* The valuation technique used to derive the Level 2 is as disclosed in Note B17.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MMLR

1. Performance Review

For the financial period ended 30 June 2014, the Group generated total revenue from continuing operations of RM21.65million, which represents a decrease of RM42.03million as compared RM63.68million in the corresponding financial period ended 30 June 2013.

The decrease was mainly due to the Rubicone (Mobile Offshore Production Unit) has not generated any revenue for the financial period ended 30 June 2014.

The profit before tax ("PBT") from continuing operations for the financial period ended 30 June 2014 amounting to RM4.21million which represents a decrease of RM20.70million as compared to RM24.91million in the corresponding financial period ended 30 June 2013.

The decrease was mainly due to lower revenue generated as mentioned in the 2nd paragraph above which was mitigated by share of results of joint ventures and associates. The share of results of joint ventures consist of profit contribution from Perisai Kamelia ((Floating Production, Storage and Offloading unit ("FPSO") and loss incurred from Enterprise 3 (Derrick Pipe lay Barge).

The total profit net of tax for the current financial period ended 30 June 2014 amounting to RM4.35 million which represents a decrease of RM48.4 million as compared to RM52.75 million in the corresponding financial period ended 30 June 2013. The decrease was mainly due to the same reasons as mentioned in the 4th paragraph above.

For the current quarter ended 30 June 2014, the Group generated total revenue from continuing operations of RM10.78million, which represent a decrease of RM21.20million as compared to RM31.98million in the corresponding quarter ended 30 June 2013.

The decrease was mainly due to the same reasons as mentioned in the 2nd paragraph above.

The PBT from continuing operations for the current quarter ended 30 June 2014 amounted to RM4.16million, which represents a decrease of RM9.03million as compared to RM13.19million in the previous corresponding quarter ended 30 June 2013.

The decrease was mainly due to lower revenue generated as mentioned in the 2nd paragraph above which was mitigated by the share of results of joint ventures and associates and the gain on disposal of two cold-stacked vessels as reflected in other income.

The total profit net of tax for the current quarter ended 30 June 2014 amounted to RM4.16 million which represent a decrease of RM22.98million as compared to RM27.14million in the corresponding quarter ended 30 June 2013. The decrease was mainly due to the same reasons as mentioned in the immediate paragraph above.

The result from SJR Marine which owns the Enterprise 3 was reflected under profit from discontinued operation prior to its disposal. Subsequent to its 49% equity interest disposal on 26 December 2013, the result of the remaining 51% equity interest was captured under the caption of share of results of joint ventures.

2. Material Change in Profit Before Tax ("PBT") In Comparison to the Preceding Quarter

For the current financial quarter ended 30 June 2014, the Group recorded a PBT of approximately RM4.16million as compared to PBT of RM0.05 million in the preceding quarter.

The increase was mainly due to the higher other income and share of results in joint ventures.

3. Future Prospects

Perisai Pacific 101, the first jack up drilling rig of Perisai has commenced its 3 years contract in early August 2014 and is expected to contribute positively to the profit of Perisai.

Perisai Kamelia, a FPSO unit is continuing with its 3 years contract which commenced in November 2013 and all the eight (8) offshore support vessels have long term charter until August 2015.

Perisai is exploring various opportunities for its Enterprise 3 (Derrick Pipe Lay Barge) and Rubicone (Mobile Offshore Production Unit). Perisai Group's results would be improved in the event new charters are secured for its two (2) assets.

The award secured for Perisai Pacific 101 signified Perisai's entry into the offshore drilling segment. The outlook of jack-up rig market particularly in Malaysia is expected to be robust. This augurs well for the second and third jack-up drilling rigs, which are expected to be delivered in the second quarter of 2015 and July 2016 respectively.

4. Profit Forecast and Profit Guarantee

The Group did not announce or disclose any profit forecast or profit guarantee in any public documents for the financial period ended 30 June 2014.

5. Income Tax Expense

	Individual Period		Cumulative Period	
	Current Year Quarter 30 June 2014 RM'000	Preceding Year Corresponding Quarter 30 June 2013 RM'000	Current Year To Date 30 June 2014 RM'000	Preceding Year Corresponding Period 30 June 2013 RM'000
Based on result for the period from continuing operations				
- Current period provision	-	-	20	40
- Overprovision for taxation in prior year	-	-	(154)	-
- Deferred taxation	-	-	-	-
	-	-	(134)	40

The effective tax rate for the current quarter and financial period ended 30 June 2014 were lower than the statutory tax rate mainly due to certain subsidiaries being subject to fixed tax rates under the Labuan Business Activity Tax Act, 1990.

6. Corporate Proposal

- (a) There were no corporate proposals announced but not completed as at the reporting date.
- (b) Status of Utilisation of Proceeds

The proceeds raised during the private placement were approved for the following activities and status on the funds utilised as at 7 August 2014 are summarised below:

Purpose	Approved Utilisation RM' Million	Amount Utilised RM' Million	Amount Unutilised RM' Million	Expected Time Frame For The Full Utilisation
Repayment of bank borrowings and/or capital investment for jack-up drilling rig(s) and/or Mobile Offshore Production Unit(s) ("MOPU")	105.0	(105.0)	-	Fully utilised
*Working capital:				
- Drilling and/or MOPU operational expenses	45.0	(4.9)	40.1	Within one (1) year
- Management and administrative expenses of the Perisai Group	13.0	(7.1)	5.9	Within one (1) year
Estimated listing expenses	2.9	(2.9)	-	Fully utilised
Total	165.9	(119.9)	46.0	

7. Borrowings And Debt Securities

The Group's borrowings and debt securities as at 30 June 2014 are as follows:

	Short Term RM'000	Long Term RM'000
Secured		
- Term loan	96,402	648,706
- Hire purchase	112	334
- Multicurrency medium term note ("MTN")	-	56,894
- Revolving credit facilities	95,412	-
- Bank overdraft	4,909	-
Total	196,835	705,934

The Group borrowings are denominated in the following currencies:

	Short Term RM'000 Equivalent	Long Term RM'000 Equivalent
Ringgit Malaysia	5,021	334
US Dollar	191,814	648,706
SG Dollar	-	56,894
Total	196,835	705,934

8. Prepayment

Prepayment consists of the deposit paid for the design, construction, equipping, commissioning and delivery of the second (2nd) and third (3rd) jack up drilling rigs.

9. Other Payables

Included in other payables is a 10% deposit provision amounting to RM67.9million (USD21.15million) for the design, construction, equipping, commissioning of the third (3rd) jack up drilling rig.

10. Changes In Material Litigation

There were no material litigation for the financial quarter ended 30 June 2014 save for the claim below:

SJR Marine (L) Ltd ("SJR Marine") had on 2 April 2009 commenced an arbitration proceeding in London in accordance with the London Maritime Arbitrators Association against Superior Energy Services LLC ("Respondent") in respect of breach by the Respondent of three agreements between the parties namely:

- (i) Losses arising from the Respondent's breaches of the Bareboat Charterparty Agreement dated 13 July 2006 ("Bareboat Charterparty") for the sum of USD1,173,357.13 (equivalent to approximately RM3,360,132.29);
- (ii) Losses arising from the Respondent's breaches of the Vessel Purchase Agreement dated 13 July 2006 ("Vessel Purchase Agreement") for the sum of USD16,200,107.00 (equivalent to approximately RM50,119,891.04);
- (iii) Losses arising from the Respondent's breach of the Settlement Agreement dated 19 June 2008 for the sum of USD1,387,843.23 (equivalent to approximately RM4,293,709.38), arising from the Respondents' wrongful call for payment under the letter of credit; and
- (iv) Costs and interest thereon.

SJR Marine had further filed its point of claim against the Respondent on 7 December 2009 and the Respondent had filed its defence and counterclaim against SJR Marine in the sum of USD6,993,456.47 (equivalent to approximately RM21,636,355.63) on 7 March 2010. Further to the counterclaim made by the Respondent, SJR Marine had filed its points of reply and defence to counterclaim on 27 May 2010. Subsequently, SJR Marine had submitted its questionnaire to the tribunal on 1 December 2011 and awaiting the submission of the same by the Respondent.

The solicitors are of the view that SJR Marine is likely to succeed in its claims against the Respondent under the Vessel Purchase Agreement for the late delivery of the vessel and defects and non-provision of davits to the vessel and under the Bareboat Charterparty for crew wages. However, the solicitors are of the view that SJR Marine's claim for repair costs, downtime and overpayment of hire under the Bareboat Charterparty is arguable due to the lack of documentary evidence at this stage.

SJR Marine is a 51% joint venture of Perisai.

11. Dividends Payable

There were no dividends declared for the financial period ended 30 June 2014.

12. Earnings Per Share ("EPS")

Basic earnings per share is calculated by dividing the profit/(loss) attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

(a) Basic Earnings Per Share

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Profit/(loss) from continuing operations	961	10,105	(2,028)	19,871
Profit from discontinued operation	-	13,956	-	27,872
Profit attributable to owners of the Company net of tax	961	24,061	(2,028)	47,743
Weighted average number of ordinary shares in issue ('000)	1,184,382	936,525	1,134,579	922,878
Basic earnings per share (sen):				
- from continuing operations	0.08	1.08	(0.18)	2.15
- from discontinued operation	-	1.49	-	3.02
Total (sen)	0.08	2.57	(0.18)	5.17

(b) Diluted Earnings Per Share

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Profit/(loss) from continuing operations	961	10,105	(2,028)	19,871
Profit from discontinued operation	-	13,956	-	27,872
Profit attributable to owners of the company net of tax	961	24,061	(2,028)	47,743
Weighted average number of ordinary shares in issue ('000)	1,184,382	936,525	1,134,579	922,878
Effect of dilution ('000)				
- Share options	13,005	13,011	12,919	12,973
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,197,387	949,536	1,147,498	935,851
Diluted earnings per share (sen):				
- from continuing operations	0.08	1.06	(0.18)	2.12
- from discontinued operation	-	1.47	-	2.98
Total (sen)	0.08	2.53	(0.18)	5.10

13. Auditors' Report On Preceding Annual Financial Statements

The auditors' report on the latest audited financial statements was not qualified.

14. Realised and Unrealised Retained Earnings

	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000
Total retained earnings	(Unaudited)	(Audited)
Company and subsidiaries		
- realised profit	284,350	299,198
- unrealised profit/(loss)	894	334
	285,244	299,532
Associates		
- realised profit	2,163	711
- unrealised profit/(loss)	(284)	167
	1,879	878
Joint ventures		
- realised profit	25,869	6,079
- unrealised profit/(loss)	(83)	2
	25,786	6,081
Less: Group consolidated adjustments	(28,965)	(20,519)
Total Group retained earnings as per unaudited consolidated financial statements	283,944	285,972

15. Notes to Condensed Consolidated Statements of Comprehensive Income

	Current Year Quarter 3 months 30.6.2014 RM'000	Current Year Todate 6 months 30.6.2014 RM'000
Profit /(loss) before tax is arriving at after charging/(crediting):		
Interest income	(347)	(354)
Other income	(490)	(801)
Interest expenses	3,588	6,985
Depreciation and amortisation	9,106	18,415
Realised foreign exchange gain	(82)	(1)
Unrealised foreign exchange gain	(834)	(905)
Realised foreign exchange loss	424	429
Unrealised foreign exchange loss	9	11

16. Financial Instruments

- (a) Details of derivative financial instruments outstanding as at 30 June 2014 are set out below:-

Type of derivative	Contract/Notional Amount	Fair value liabilities
	RM'000	RM'000
Cross Currency Interest Rate Swaps ("CCIRS")		
-less than 1 year	Nil	Nil
-1 year to 3 years	59,154	451
-More than 3 years	Nil	Nil

There have been no changes since the end of the previous financial year ended 31 December 2013 in respect of the following:-

- the credit risk and market risks associated with the derivatives;
- the cash requirements of the derivatives
- the policies in place for mitigating or controlling the risk associated with the derivatives; and
- the related accounting policies.

- (b) Disclosure of gains and/losses arising from fair value changes of financial liabilities

The Group determines the fair value of the derivative financial liabilities relating to the CCIRS using valuation technique which utilises data from recognised financial information sources. Assumptions are based on market conditions existing at each reporting date. The fair value is calculated as the present value of the estimated future cash flow using an appropriate market based yield curve.

As at 30 June 2014, the Group has recognized derivative financial liabilities of RM0.451million, a decrease of RM0.992million from previous financial year ended 31 December 2013, on re-measuring the fair value of the derivative financial instrument. The corresponding increase has been included in equity in the cashflow hedging reserve of which RM0.802million for the financial period was transferred to the income statement to offset the unrealized gain of RM0.802million which arose from the strengthening of USD against SGD. This has resulted in decrease in the cash flow hedging reserve as at 30 June 2014 by RM0.190million to RM0.441million from the preceding financial year ended 31 December 2013.

The cashflow hedging reserve represents the deferred fair value losses relating to the CCIRS. As the Group intends to hold the Multi-currency Medium Term Notes ("MTN") and associated derivative instrument to maturity, any changes to the fair value of the derivative instrument will not impact the income statement.

17. Authorised For Issue

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the Board of Directors dated 13 August 2014.

By Order of the Board
Perisai Petroleum Teknologi Bhd

Finton Tuan Kit Ming (LS 0008941)
Hooi Sook Han (MAICSA No: 7026472)
Company Secretaries