

# Quarterly rpt on consolidated results for the financial period ended 30 Jun 2016

## PERISAI PETROLEUM TEKNOLOGI BHD

Financial Year End 31 Dec 2016  
 Quarter 2 Qtr  
 Quarterly report for the financial period ended 30 Jun 2016  
 The figures have not been audited

### Attachments

Perisai-Quarterly Report Q2 2016.pdf  
 53.5 kB

Perisai-Notes to Accounts Q2 2016.pdf  
 360.6 kB

### Remarks :

UNAUDITED FINANCIAL RESULTS FOR THE 2ND QUARTER ENDED 30 JUNE 2016 OF FINANCIAL YEAR ENDING 31 DECEMBER 2016.

Default Currency

Other Currency

Currency: Malaysian Ringgit (MYR)

### SUMMARY OF KEY FINANCIAL INFORMATION 30 Jun 2016

|   |                                                                     | INDIVIDUAL PERIOD    |                                      | CUMULATIVE PERIOD    |                                     |
|---|---------------------------------------------------------------------|----------------------|--------------------------------------|----------------------|-------------------------------------|
|   |                                                                     | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD |
|   |                                                                     | 30 Jun 2016          | 30 Jun 2015                          | 30 Jun 2016          | 30 Jun 2015                         |
|   |                                                                     | \$S'000              | \$S'000                              | \$S'000              | \$S'000                             |
| 1 | Revenue                                                             | 53,081               | 53,659                               | 107,969              | 110,389                             |
| 2 | Profit/(loss) before tax                                            | 2,883                | 16,622                               | 10,171               | 35,511                              |
| 3 | Profit/(loss) for the period                                        | 2,081                | 5,748                                | 2,756                | 16,701                              |
| 4 | Profit/(loss) attributable to ordinary equity holders of the parent | -2,683               | 1,606                                | -6,728               | 8,638                               |
| 5 | Basic earnings/(loss) per share (Subunit)                           | -0.22                | 0.13                                 | -0.55                | 0.72                                |

|   |                                                                                   |                                     |        |                                           |        |
|---|-----------------------------------------------------------------------------------|-------------------------------------|--------|-------------------------------------------|--------|
| 6 | Proposed/Declared dividend per share (Subunit)                                    | 0.00                                | 0.00   | 0.00                                      | 0.00   |
|   |                                                                                   | <b>AS AT END OF CURRENT QUARTER</b> |        | <b>AS AT PRECEDING FINANCIAL YEAR END</b> |        |
| 7 | Net assets per share attributable to ordinary equity holders of the parent (\$\$) |                                     | 0.5200 |                                           | 0.5600 |

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   |

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**Announcement Info**

|                  |                                 |
|------------------|---------------------------------|
| Company Name     | PERISAI PETROLEUM TEKNOLOGI BHD |
| Stock Name       | PERISAI                         |
| Date Announced   | 24 Aug 2016                     |
| Category         | Financial Results               |
| Reference Number | FRA-23082016-00034              |

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE QUARTER ENDED 30 JUNE 2016

|                                                                                                |        | Individual Period       |                                            | Cumulative Period       |                                           |
|------------------------------------------------------------------------------------------------|--------|-------------------------|--------------------------------------------|-------------------------|-------------------------------------------|
|                                                                                                |        | Current Year<br>Quarter | Preceding Year<br>Corresponding<br>Quarter | Current Year<br>To Date | Preceding Year<br>Corresponding<br>Period |
| Note                                                                                           |        | 30 June 2016            | 30 June 2015                               | 30 June 2016            | 30 June 2015                              |
|                                                                                                |        | RM'000                  | RM'000                                     | RM'000                  | RM'000                                    |
|                                                                                                |        | (Unaudited)             | (Unaudited)<br>(Restated)                  | (Unaudited)             | (Unaudited)<br>(Restated)                 |
| <b>Continuing Operations</b>                                                                   |        |                         |                                            |                         |                                           |
| Revenue                                                                                        | A8     | 53,081                  | 53,659                                     | 107,969                 | 110,389                                   |
| Direct cost                                                                                    |        | (32,351)                | (38,502)                                   | (66,440)                | (74,095)                                  |
| Gross profit                                                                                   |        | 20,730                  | 15,157                                     | 41,529                  | 36,294                                    |
| Other income                                                                                   |        | 293                     | 3,656                                      | 598                     | 6,012                                     |
| Operating expenses                                                                             |        | (8,489)                 | (7,305)                                    | (26,038)                | (16,067)                                  |
| Finance costs                                                                                  |        | (12,345)                | (10,714)                                   | (24,615)                | (21,191)                                  |
| Share of results of associates, net of tax                                                     |        | 324                     | 1,067                                      | 934                     | 2,469                                     |
| Share of results of joint ventures, net of tax                                                 |        | 2,370                   | 14,761                                     | 17,763                  | 27,994                                    |
| Profit before tax                                                                              | B1     | 2,883                   | 16,622                                     | 10,171                  | 35,511                                    |
| Tax expense                                                                                    | B5     | (231)                   | (239)                                      | (458)                   | (489)                                     |
| <b>Profit for the period from continuing operations</b>                                        |        | <b>2,652</b>            | <b>16,383</b>                              | <b>9,713</b>            | <b>35,022</b>                             |
| <b>Discontinued Operation</b>                                                                  |        |                         |                                            |                         |                                           |
| Loss for the period from discontinued operation                                                | A17    | (571)                   | (10,635)                                   | (6,957)                 | (18,321)                                  |
|                                                                                                |        | <b>2,081</b>            | <b>5,748</b>                               | <b>2,756</b>            | <b>16,701</b>                             |
| <b>Profit/(loss) attributable to:</b>                                                          |        |                         |                                            |                         |                                           |
| Owners of the Company                                                                          |        | (2,683)                 | 1,606                                      | (6,728)                 | 8,638                                     |
| Non-controlling interests                                                                      |        | 4,764                   | 4,142                                      | 9,484                   | 8,063                                     |
|                                                                                                |        | <b>2,081</b>            | <b>5,748</b>                               | <b>2,756</b>            | <b>16,701</b>                             |
| <b>(Loss)/Earnings per share ("EPS") attributable to owners of the company (sen per share)</b> |        |                         |                                            |                         |                                           |
|                                                                                                |        | Sen                     | Sen                                        | Sen                     | Sen                                       |
| - Basic                                                                                        | B11(a) |                         |                                            |                         |                                           |
| - from continuing operations                                                                   |        | (0.17)                  | 1.02                                       | 0.02                    | 2.26                                      |
| - from discontinued operation                                                                  |        | (0.05)                  | (0.89)                                     | (0.57)                  | (1.54)                                    |
|                                                                                                |        | <b>(0.22)</b>           | <b>0.13</b>                                | <b>(0.55)</b>           | <b>0.72</b>                               |
| - Diluted                                                                                      | B11(b) |                         |                                            |                         |                                           |
| - from continuing operations                                                                   |        | (0.17)                  | 1.02                                       | 0.02                    | 2.26                                      |
| - from discontinued operation                                                                  |        | (0.05)                  | (0.89)                                     | (0.57)                  | (1.54)                                    |
|                                                                                                |        | <b>(0.22)</b>           | <b>0.13</b>                                | <b>(0.55)</b>           | <b>0.72</b>                               |

The unaudited consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2016**

|                                                                              | Individual Period       |                                            | Cumulative Period       |                                           |
|------------------------------------------------------------------------------|-------------------------|--------------------------------------------|-------------------------|-------------------------------------------|
|                                                                              | Current Year<br>Quarter | Preceding Year<br>Corresponding<br>Quarter | Current Year<br>To Date | Preceding Year<br>Corresponding<br>Period |
|                                                                              | 30 June 2016            | 30 June 2015                               | 30 June 2016            | 30 June 2015                              |
|                                                                              | RM'000                  | RM'000                                     | RM'000                  | RM'000                                    |
|                                                                              | (Unaudited)             | (Unaudited)                                | (Unaudited)             | (Unaudited)                               |
| Profit for the period                                                        | 2,081                   | 5,748                                      | 2,756                   | 16,701                                    |
| <i>Items that may subsequently be classified to profit or loss:</i>          |                         |                                            |                         |                                           |
| Foreign currency translation differences arising during the financial period | 29,056                  | 18,254                                     | (54,034)                | 103,879                                   |
| Reclassified to profit or loss on repayment of intercompany balances         | -                       | (7)                                        | -                       | (596)                                     |
| Cash flow hedged                                                             |                         |                                            |                         |                                           |
| - fair value changes during the period                                       | 14                      | 1,931                                      | 4,572                   | (1,597)                                   |
| - reclassified adjustments for amounts recognised in profit or loss          | (107)                   | (1,231)                                    | (3,141)                 | 1,151                                     |
| <b>Total comprehensive income/(loss)</b>                                     | <b>31,044</b>           | <b>24,695</b>                              | <b>(49,847)</b>         | <b>119,538</b>                            |
| <b>Attributable to:</b>                                                      |                         |                                            |                         |                                           |
| Owners of the Company                                                        | 21,070                  | 17,971                                     | (48,967)                | 101,568                                   |
| Non-controlling interests                                                    | 9,974                   | 6,724                                      | (880)                   | 17,970                                    |
|                                                                              | <b>31,044</b>           | <b>24,695</b>                              | <b>(49,847)</b>         | <b>119,538</b>                            |

The unaudited consolidated comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2016**

|                                                                | Note | As At End Of<br>Current Quarter<br>30 June 2016<br>RM'000<br>(Unaudited) | As At End Of Previous<br>Financial Year<br>31 December 2015<br>RM'000<br>(Audited) |
|----------------------------------------------------------------|------|--------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| <b>Non-current assets</b>                                      |      |                                                                          |                                                                                    |
| Plant and equipment                                            | A9   | 946,808                                                                  | 1,348,104                                                                          |
| Intangible assets                                              |      | 75                                                                       | 75                                                                                 |
| Investment in associates                                       |      | 1,898                                                                    | 2,419                                                                              |
| Investment in joint ventures                                   |      | 722,962                                                                  | 751,323                                                                            |
| Prepayment                                                     | B8   | 18,792                                                                   | -                                                                                  |
|                                                                |      | <u>1,690,535</u>                                                         | <u>2,101,921</u>                                                                   |
| <b>Current assets</b>                                          |      |                                                                          |                                                                                    |
| Trade receivables                                              |      | 81,692                                                                   | 67,307                                                                             |
| Other receivables, deposits and prepayment                     |      | 57,372                                                                   | 64,586                                                                             |
| Tax recoverable                                                |      | 533                                                                      | 311                                                                                |
| Cash and bank balances                                         |      | <u>21,854</u>                                                            | <u>39,655</u>                                                                      |
|                                                                |      | 161,451                                                                  | 171,859                                                                            |
| Asset of disposal group classified as held for sale            | A17  | 294,069                                                                  | -                                                                                  |
| <b>TOTAL ASSETS</b>                                            |      | <u>2,146,055</u>                                                         | <u>2,273,780</u>                                                                   |
| <b>EQUITY AND LIABILITIES</b>                                  |      |                                                                          |                                                                                    |
| <b>Equity attributable to owners of the Company</b>            |      |                                                                          |                                                                                    |
| Share capital                                                  |      | 122,261                                                                  | 120,461                                                                            |
| Share premium                                                  |      | 642,729                                                                  | 640,108                                                                            |
| Treasury shares                                                |      | (231)                                                                    | (231)                                                                              |
| Accumulated losses                                             | B13  | (413,348)                                                                | (406,620)                                                                          |
| Other reserves                                                 |      | 285,361                                                                  | 323,897                                                                            |
| <b>Equity attributable to owners of the Company</b>            |      | <u>636,772</u>                                                           | <u>677,615</u>                                                                     |
| <b>Non-controlling interests</b>                               |      | 165,597                                                                  | 167,599                                                                            |
| <b>Total equity</b>                                            |      | <u>802,369</u>                                                           | <u>845,214</u>                                                                     |
| <b>Non-current liabilities</b>                                 |      |                                                                          |                                                                                    |
| Loans and borrowings                                           | B7   | 686,467                                                                  | 794,679                                                                            |
| Other payables                                                 |      | 9,877                                                                    | 10,519                                                                             |
|                                                                |      | <u>696,344</u>                                                           | <u>805,198</u>                                                                     |
| <b>Current liabilities</b>                                     |      |                                                                          |                                                                                    |
| Trade payables                                                 |      | 16,815                                                                   | 16,861                                                                             |
| Other payables and accruals                                    |      | 58,613                                                                   | 48,864                                                                             |
| Loans and borrowings                                           | B7   | 475,384                                                                  | 546,816                                                                            |
| Derivatives liability                                          |      | 5,972                                                                    | 10,544                                                                             |
| Tax payable                                                    |      | 254                                                                      | 283                                                                                |
|                                                                |      | <u>557,038</u>                                                           | <u>623,368</u>                                                                     |
| <b>Total liabilities</b>                                       |      | 1,253,382                                                                | 1,428,566                                                                          |
| Liabilities of disposal group classified as held for sale      | A17  | 90,304                                                                   | -                                                                                  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                            |      | <u>2,146,055</u>                                                         | <u>2,273,780</u>                                                                   |
| Net assets per share attributable to owners of the parent (RM) |      |                                                                          |                                                                                    |
|                                                                |      | 0.52                                                                     | 0.56                                                                               |

The unaudited consolidated financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2016

|                                                         | <-----Attributable to Equity Holders of the Company-----> |                         |                           |                          |                                                      |                     | Non-controlling Interest | Total equity |
|---------------------------------------------------------|-----------------------------------------------------------|-------------------------|---------------------------|--------------------------|------------------------------------------------------|---------------------|--------------------------|--------------|
|                                                         | <----- Non-distributable ----->                           |                         |                           | Distributable            |                                                      |                     |                          |              |
| Note                                                    | Share capital<br>RM'000                                   | Share premium<br>RM'000 | Treasury shares<br>RM'000 | Other reserves<br>RM'000 | Retained earnings/<br>(accumulated losses)<br>RM'000 | Sub-total<br>RM'000 | RM'000                   | RM'000       |
| At 1 January 2015 (Audited)                             | 119,313                                                   | 638,407                 | (231)                     | 112,896                  | 299,698                                              | 1,170,083           | 121,633                  | 1,291,716    |
| <b>Comprehensive income</b>                             |                                                           |                         |                           |                          |                                                      |                     |                          |              |
| Profit for the financial period                         | -                                                         | -                       | -                         | -                        | 8,638                                                | 8,638               | 8,063                    | 16,701       |
| <b>Other comprehensive income</b>                       |                                                           |                         |                           |                          |                                                      |                     |                          |              |
| Foreign currency translation differences                | -                                                         | -                       | -                         | 93,377                   | -                                                    | 93,377              | 9,907                    | 103,284      |
| Cash flow hedge                                         | -                                                         | -                       | -                         | (446)                    | -                                                    | (446)               | -                        | (446)        |
| <b>Total comprehensive income for the period</b>        | -                                                         | -                       | -                         | 92,931                   | 8,638                                                | 101,569             | 17,970                   | 119,539      |
| <b>Transactions with owners</b>                         |                                                           |                         |                           |                          |                                                      |                     |                          |              |
| Share options granted under ESOS                        | -                                                         | -                       | -                         | 4,145                    | -                                                    | 4,145               | -                        | 4,145        |
|                                                         | -                                                         | -                       | -                         | 4,145                    | -                                                    | 4,145               | -                        | 4,145        |
| At 30 June 2015 (Unaudited)                             | 119,313                                                   | 638,407                 | (231)                     | 209,972                  | 308,336                                              | 1,275,797           | 139,603                  | 1,415,400    |
| At 1 January 2016 (Audited)                             | 120,461                                                   | 640,108                 | (231)                     | 323,896                  | (406,620)                                            | 677,614             | 167,599                  | 845,213      |
| <b>Comprehensive income/(loss)</b>                      |                                                           |                         |                           |                          |                                                      |                     |                          |              |
| Profit/(loss) for the financial period                  | -                                                         | -                       | -                         | -                        | (6,728)                                              | (6,728)             | 9,484                    | 2,756        |
| <b>Other comprehensive income</b>                       |                                                           |                         |                           |                          |                                                      |                     |                          |              |
| Foreign currency translation differences                | -                                                         | -                       | -                         | (43,669)                 | -                                                    | (43,669)            | (10,364)                 | (54,033)     |
| Cash flow hedge                                         | -                                                         | -                       | -                         | 1,431                    | -                                                    | 1,431               | -                        | 1,431        |
| <b>Total comprehensive income/(loss) for the period</b> | -                                                         | -                       | -                         | (42,238)                 | (6,728)                                              | (48,966)            | (880)                    | (49,846)     |
| <b>Transactions with owners</b>                         |                                                           |                         |                           |                          |                                                      |                     |                          |              |
| Share options granted under ESOS                        | -                                                         | -                       | -                         | 3,703                    | -                                                    | 3,703               | -                        | 3,703        |
| Shares issuance pursuant to private placement           | 1,800                                                     | 2,700                   | -                         | -                        | -                                                    | 4,500               | -                        | 4,500        |
| Shares issuance expenses                                | -                                                         | (79)                    | -                         | -                        | -                                                    | (79)                | -                        | (79)         |
| Dividend paid to non-controlling interest               | -                                                         | -                       | -                         | -                        | -                                                    | -                   | (1,122)                  | (1,122)      |
|                                                         | 1,800                                                     | 2,621                   | -                         | 3,703                    | -                                                    | 8,124               | (1,122)                  | 7,002        |
| At 30 June 2016 (Unaudited)                             | 122,261                                                   | 642,729                 | (231)                     | 285,361                  | (413,348)                                            | 636,772             | 165,597                  | 802,369      |

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 2015 and the accompanying explanatory notes.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2016**

|                                                                               | 6-month ended   |                 |
|-------------------------------------------------------------------------------|-----------------|-----------------|
|                                                                               | 30 June 2016    | 30 June 2015    |
|                                                                               | RM'000          | RM'000          |
|                                                                               | (Unaudited)     | (Unaudited)     |
| <b>Cash flow from operating activities</b>                                    |                 |                 |
| Profit/(loss) before taxation                                                 |                 |                 |
| - continuing operations                                                       | 10,171          | 35,511          |
| - discontinued operation                                                      | (6,957)         | (18,321)        |
| Adjustment for :                                                              |                 |                 |
| Depreciation of plant and equipment                                           | 26,486          | 35,055          |
| Bad debt written off                                                          | 72              | -               |
| Net unrealised (gain)/loss on foreign exchange                                | 12,028          | (4,429)         |
| Share of results of associates                                                | (934)           | (2,469)         |
| Share of results of joint ventures                                            | (17,763)        | (27,994)        |
| Share options granted under employees' share option scheme ("ESOS")           | 3,703           | 4,145           |
| Interest expense                                                              | 26,081          | 22,803          |
| Interest income                                                               | (110)           | (91)            |
| <b>Operating profit before working capital changes</b>                        | <b>52,777</b>   | <b>44,210</b>   |
| <b>Changes in working capital :</b>                                           |                 |                 |
| Change in receivables                                                         | (15,587)        | 8,719           |
| Dividend received                                                             | 1,320           | 1,392           |
| Change in payables                                                            | 18,606          | (31,771)        |
| <b>Cash generated from operating activities</b>                               | <b>57,116</b>   | <b>22,550</b>   |
| Interest paid                                                                 | (28,783)        | (25,332)        |
| Interest received                                                             | 45              | 94              |
| Tax paid                                                                      | (682)           | (632)           |
| Tax refund                                                                    | -               | 75              |
| <b>Net cash generated from operating activities</b>                           | <b>27,696</b>   | <b>(3,245)</b>  |
| <b>Cash flow from investing activities</b>                                    |                 |                 |
| Prepayment of plant and equipment                                             | (15,157)        | (9,214)         |
| Purchase of plant and equipment                                               | (944)           | (1,558)         |
| Net advances (to)/from joint ventures                                         | (629)           | (8,482)         |
| <b>Net cash used in investing activities</b>                                  | <b>(16,730)</b> | <b>(19,254)</b> |
| <b>Cash flow from financing activities</b>                                    |                 |                 |
| Payment of hire purchase                                                      | (59)            | (56)            |
| Net proceeds from shares issuance pursuant to private placement               |                 |                 |
| - Gross proceeds                                                              | 4,500           | -               |
| - Share issuance expenses                                                     | (79)            | -               |
| Dividend paid                                                                 | (1,122)         | -               |
| Drawdown of loans and borrowings                                              | -               | 24,383          |
| Repayment of loans and borrowings                                             | (30,678)        | (54,166)        |
| <b>Net cash from/(used) from financing activities</b>                         | <b>(27,438)</b> | <b>(29,839)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents during the period</b> | <b>(16,472)</b> | <b>(52,338)</b> |
| Effect of exchange rate changes                                               | (1,126)         | 5,082           |
|                                                                               | (17,598)        | (47,256)        |
| <b>Cash and cash equivalents at beginning of year</b>                         | <b>34,525</b>   | <b>94,108</b>   |
| <b>Cash and cash equivalents at end of period *</b>                           | <b>16,927</b>   | <b>46,852</b>   |
| <b>* Cash and cash equivalents comprise :</b>                                 |                 |                 |
| Cash and bank balances                                                        | 21,854          | 48,053          |
| Bank overdraft                                                                | (4,927)         | (1,201)         |
|                                                                               | <b>16,927</b>   | <b>46,852</b>   |

The condensed unaudited consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2015. 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 2015.

**2. Changes In Accounting Policies**

- a) The Group adopted the following Standard, Amendments/Annual Improvement to Standards effective as of 1 January 2016:-

|                                               |                                                                      |
|-----------------------------------------------|----------------------------------------------------------------------|
| Amendment to MFRS 11                          | Joint Arrangements                                                   |
| Amendment to MFRS 101                         | Disclosure Initiative                                                |
| Amendment to MFRS 127                         | Separate Financial Statements                                        |
| Amendment to MFRS 116 and MFRS 138            | Clarification of Acceptable Methods of Depreciation And Amortisation |
| Annual Improvements to MFRSs 2012 -2014 Cycle |                                                                      |

The adoption of the above Amendments to MFRSs did not have any material effect on the financial statements of the Group.

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

|                       |                                               |
|-----------------------|-----------------------------------------------|
| Amendment to MFRS 107 | Disclosure Initiative *                       |
| MFRS 112              | Income Taxes *                                |
| MFRS 9                | Financial Instruments **                      |
| MFRS 15               | Revenue from Contracts with Customers **      |
| MFRS 16               | Leases ***                                    |
| Amendment to MFRS 10  | Consolidated Financial Statements #           |
| Amendment to MFRS 128 | Investment in Associates and Joint Ventures # |

*\*Effective for financial periods beginning on or after – 1 January 2017*

*\*\* Effective for financial periods beginning on or after – 1 January 2018*

*\*\*\* Effective for financial periods beginning on or after – 1 January 2019*

*# Not yet effective and to be announced by Malaysian Accounting Standards Board ("MASB")*

The Group will adopt the above new MFRS and Amendments/Improvements to MFRSs when it becomes effective in the respective financial periods.

**3. Seasonal Or Cyclical Factors**

The Group's operations are not materially subject to any seasonal or cyclical factors except for severe weather conditions and significant changes in oil prices.

**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 2016.

## 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 2016 except for the revised in residual value of plant and equipment. The revision was accounted for prospectively as a change in accounting estimate and as a result, the depreciation charges of the Group for the current quarter and financial period ended 30 June 2016 have been increased by RM427,038 and RM1,378,100 respectively.

## 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 2016:

- i. Perisai had fixed the issue price of the Placement Shares under the Private Placement as follows:

| Date      | Issue Price | No of Placement Shares |
|-----------|-------------|------------------------|
| 4.2.2016  | RM0.25      | 6,000,000              |
| 16.2.2016 | RM0.25      | 6,000,000              |
| 18.2.2016 | RM0.25      | 6,000,000              |

- ii. As at 31 December 2015, 400,000 shares of RM0.10 each were held as treasury shares in accordance with the requirements of section 67A of the Companies Act, 1965.

## 7. Dividends Paid

There were no dividends paid during the financial period ended 30 June 2016.

## 8. Segmental Information

|                                    | Individual Period      |                                      | Cumulative Period      |                                      |
|------------------------------------|------------------------|--------------------------------------|------------------------|--------------------------------------|
|                                    | Current Year Quarter   | Preceding Year Corresponding Quarter | Current Year To Date   | Preceding Year Corresponding Period  |
|                                    | 30 June 2016<br>RM'000 | 30 June 2015<br>RM'000<br>(Restated) | 30 June 2016<br>RM'000 | 30 June 2015<br>RM'000<br>(Restated) |
| <b>Segment Revenue</b>             |                        |                                      |                        |                                      |
| Drilling                           | 38,778                 | 40,582                               | 78,706                 | 84,522                               |
| Production                         | -                      | -                                    | -                      | -                                    |
| Marine vessels                     | 14,303                 | 13,077                               | 29,263                 | 25,867                               |
| Others                             | -                      | -                                    | -                      | -                                    |
| <b>Total revenue</b>               | <b>53,081</b>          | <b>53,659</b>                        | <b>107,969</b>         | <b>110,389</b>                       |
| <b>Segment Results</b>             |                        |                                      |                        |                                      |
| Drilling                           | 1,219                  | (904)                                | 2,655                  | 4,390                                |
| Production                         | (5)                    | (1)                                  | (7)                    | (1)                                  |
| Marine vessels                     | 9,255                  | 8,098                                | 18,411                 | 15,571                               |
| Others                             | (10,280)               | (6,399)                              | (29,585)               | (14,912)                             |
| Share of results in associates     | 324                    | 1,067                                | 934                    | 2,469                                |
| Share of results in joint ventures | 2,370                  | 14,761                               | 17,763                 | 27,994                               |
| <b>Total results</b>               | <b>2,883</b>           | <b>16,622</b>                        | <b>10,171</b>          | <b>35,511</b>                        |

## 9. Valuation Of Property, Plant and Equipment

The Group did not revalue any plant and equipment during the financial period ended 30 June 2016. As at 30 June 2016, all property, plant and equipment were stated at cost less accumulated depreciation and provision for impairment.

**10. Subsequent Events**

Save as disclosed below, there were no material events subsequent to the financial period ended 30 June 2016:

- i. On 28 July 2016, the Company announced that its 51% subsidiary, Perisai Offshore Sdn Bhd, Petronas Carigali Sdn Bhd ("PCSB") and HESS Exploration and Production Malaysia B.V ("HESS") have agreed to an extension of the Farm-Out which the last date is 15 August 2016. At the end of the Farm-Out extension, the jack-up drilling rig PP101 will be reassigned to PCSB to support PCSB's drilling operations.
- ii. On 11 August 2016, the Company entered into a supplemental call option agreement no. 2 ("Supplemental Call Option Agreement No. 2") with Macquarie Bank Limited in relation to the Call Option. In the Supplemental Call Option Agreement No. 2, the Parties agree that the Exercise Price may be lower than the Floor Price subject to the Company's absolute discretion in accepting or rejecting the same.
- iii. On 15 August 2016, the Company has fixed the issue price of the sixth (6th) tranche of the Proposed Private Placement comprising 7,380,000 Placement Shares at RM0.20331 per Placement Share.
- iv. On 18 August 2016, the Company announced that it will commence discussions and engage with the holders of the Notes with regard to the upcoming maturity of the Notes on 3 October 2016.
- v. On 19 August 2016, the Company announced that its 40% owned associate, Larizz Petroleum Services Sdn Bhd and Hess had agreed to extend the firm charter duration of the Perisai Kamelia for a period of six (6) months to 31 May 2017. At the end of the extension, Hess may exercise its option to further extend the charter on a monthly basis for up to a total of twelve (12) months to 31 May 2018. The value of the extension is expected to be in the range between USD31,950,000 and USD45,000,000, depending on the daily average Brent crude oil price.
- vi. On 23 August 2016, the Company has fixed the issue price of the seventh (7th) tranche of the Proposed Private Placement comprising 7,422,100 Placement Shares at RM0.2021 per Placement Share.

**11. Changes In Composition Of The Group**

There were no changes to the composition of the Group during the financial period ended 30 June 2016.

**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 2016.

Corporate Guarantee of RM408.1 million 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 2016.

**14. 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 asset value of the Group as at 30 June 2016.

RM'Million

**Capital expenditure**

Approved and contracted for:

Construction of two (2) jack-up drilling rigs 1,353

**15. Significant Related Party Transactions**

Save as disclosed below, there were no significant related party transactions during the financial period ended 30 June 2016.

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

|                                                                  | Individual Period      |                                      | Cumulative Period      |                                     |
|------------------------------------------------------------------|------------------------|--------------------------------------|------------------------|-------------------------------------|
|                                                                  | Current Year Quarter   | Preceding Year Corresponding Quarter | Current Year To Date   | Preceding Year Corresponding Period |
|                                                                  | 30 June 2016<br>RM'000 | 30 June 2015<br>RM'000               | 30 June 2016<br>RM'000 | 30 June 2015<br>RM'000              |
| <b>Revenue</b>                                                   |                        |                                      |                        |                                     |
| Bareboat charter of vessels to Emas Offshore Pte. Ltd.*          | 4,003                  | 3,660                                | 8,190                  | 7,240                               |
| Bareboat charter of vessels to Emas Offshore (M) Sdn. Bhd.*      | 10,300                 | 9,417                                | 21,073                 | 18,627                              |
| Secondment of personnel to Victoria Production Services Sdn Bhd^ | -                      | 39                                   | -                      | 39                                  |
| <b>Expenses</b>                                                  |                        |                                      |                        |                                     |
| Agency fee charged by Larizz Petroleum Services Sdn. Bhd.#       | 45                     | 45                                   | 90                     | 90                                  |
| Agency fee charged by Larizz Energy Services Sdn. Bhd.#          | 45                     | 45                                   | 90                     | 90                                  |
| Agency fee charged by Perisai Offshore Sdn. Bhd.#                | 27                     | 27                                   | 55                     | 55                                  |

\*The transactions above involve Emas Offshore Pte Ltd, and Emas Offshore (M) Sdn Bhd which are indirect wholly-owned subsidiaries of EMAS Offshore Limited ("EMAS Offshore"). EMAS Offshore and HCM Logistics Limited ("HCM") are major shareholders of Perisai. Emas Offshore is a 75.46% subsidiary of Ezra Holding Limited ("Ezra") whereas HCM is a wholly-owned subsidiary of Ezra.

^The transactions above involving Victoria Production Services Sdn Bhd, a Joint Venture between Perisai and EMAS.

#Agency fees charged by Larizz Petroleum Services Sdn Bhd ("LPSSB"), Larizz Energy Services Sdn Bhd ("LESSB") and Perisai Offshore Sdn Bhd ("POSB") is a recurrent related party transaction as Datuk Zainol Izzet Bin Mohamed Ishak ("Datuk Izzet") is a substantial shareholder of LPSSB, LESSB and POSB. Datuk Izzet holds 60% equity interest in LPSSB, 49% equity interest in LESSB and POSB. He is also a director of Perisai and holds 5.4% equity interest in Perisai.

**16. 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  |
| <b>Group</b>                          |        |         |         |         |
| Derivative financial instruments      |        |         |         |         |
| -cross currency interest rate swaps * | 5,972  | -       | 5,972   | -       |

There were no transfers between Level 1 and Level 2 during the period ended 30 June 2016 and the Group does not have any financial instruments classified as Level 3 as at 30 June 2016.

\* The valuation technique used to derive the Level 2 is as disclosed in Note B15.

**17. Discontinued Operation**

The Company has the intention to dispose of its idle asset. If the disposal is materialised, it is expected to enhance the cash position of the Group.

In accordance with MFRS 5, the assets and liabilities of a wholly-owned subsidiary of Perisai have been presented on the consolidated statement of financial position as a disposal group held for sale and results from this subsidiary are presented separately on the consolidated income statement as discontinued operation.

The revenue, results and cash flows of the wholly-owned subsidiary, which are classified as discontinued operation are as follows:-

|                                                                                   | Individual Period      |                                      | Cumulative Period      |                                     |
|-----------------------------------------------------------------------------------|------------------------|--------------------------------------|------------------------|-------------------------------------|
|                                                                                   | Current Year Quarter   | Preceding Year Corresponding Quarter | Current Year To Date   | Preceding Year Corresponding Period |
|                                                                                   | 30 June 2016<br>RM'000 | 30 June 2015<br>RM'000               | 30 June 2016<br>RM'000 | 30 June 2015<br>RM'000              |
| Revenue                                                                           | -                      | -                                    | -                      | -                                   |
| Other Income                                                                      | 10                     | 21                                   | 15                     | 31                                  |
| Expenses                                                                          | (581)                  | (10,656)                             | (6,972)                | (18,352)                            |
| Loss before tax of discontinued operation                                         | (571)                  | (10,635)                             | (6,957)                | (18,321)                            |
| Tax expense                                                                       | -                      | -                                    | -                      | -                                   |
| <b>Loss for the period from discontinued operation</b>                            | <b>(571)</b>           | <b>(10,635)</b>                      | <b>(6,957)</b>         | <b>(18,321)</b>                     |
| <b>The cash flows attributable to the discontinued operations are as follows:</b> |                        |                                      |                        |                                     |
| Operating cash flows                                                              | (215)                  | (4,038)                              | (2,214)                | (5,981)                             |
| Investing cash flows                                                              | 1,752                  | 2,776                                | 8,438                  | 18,649                              |
| Financing cash flows                                                              | 173                    | (261)                                | (7,722)                | (14,205)                            |
| <b>Total cash flows</b>                                                           | <b>1,710</b>           | <b>(1,523)</b>                       | <b>(1,498)</b>         | <b>(1,537)</b>                      |

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The major classes of assets and liabilities of the discontinued operation classified as held for sale as at 30 June 2016 are as follows:

|                                                                  | <b>Carrying<br/>Amount<br/>As at 30.6.2016<br/>RM'000</b> | <b>Carrying<br/>Amount<br/>As at 31.12.2015<br/>RM'000</b> |
|------------------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------|
| <b>Assets</b>                                                    |                                                           |                                                            |
| Plant and equipment                                              | 293,956                                                   | 317,332                                                    |
| Other receivables                                                | 112                                                       | 40                                                         |
| <b>Assets of disposal group classified as held for sale</b>      | <b>294,068</b>                                            | <b>317,372</b>                                             |
| <b>Liabilities</b>                                               |                                                           |                                                            |
| Other payables                                                   | 2,079                                                     | 2,765                                                      |
| Borrowings                                                       | 88,225                                                    | 102,048                                                    |
| <b>Liabilities of disposal group classified as held for sale</b> | <b>90,304</b>                                             | <b>104,813</b>                                             |
| <b>Net assets of disposal group classified as held for sale</b>  | <b>203,764</b>                                            | <b>212,559</b>                                             |

**18. Comparatives**

During the financial period ended 30 June 2016, certain comparatives of the Group has been re-presented in accordance with the requirement of MFRS 5 “ Non-current Assets Held for Sale and Discontinued Operations” as mentioned in Note 17 above.

The effect of this exercise was adjusted as a prior year adjustment against the comparative figures as summary below:-

**Income statement**

| <b>3 months ended 30 June 2015</b>               | <b>Previously<br/>stated<br/>RM'000</b> | <b>MFRS 5<br/>RM'000</b> | <b>Restated<br/>RM'000</b> |
|--------------------------------------------------|-----------------------------------------|--------------------------|----------------------------|
| Revenue                                          | 53,659                                  | -                        | 53,659                     |
| Direct cost                                      | (48,268)                                | 9,766                    | (38,502)                   |
| Gross profit                                     | 5,391                                   | 9,766                    | 15,157                     |
| Other income                                     | 3,677                                   | (21)                     | 3,656                      |
| Operating expenses                               | (7,459)                                 | 154                      | (7,305)                    |
| Finance costs                                    | (11,450)                                | 736                      | (10,714)                   |
| Share of results of associates, net of tax       | 1,067                                   | -                        | 1,067                      |
| Share of results of joint ventures, net of tax   | 14,761                                  | -                        | 14,761                     |
| Profit before tax                                | 5,987                                   | 10,635                   | 16,622                     |
| Tax expense                                      | (239)                                   | -                        | (239)                      |
| Profit for the period from continuing operations | <b>5,748</b>                            | <b>10,635</b>            | <b>16,383</b>              |
| <b><u>Discontinued Operation</u></b>             |                                         |                          |                            |
| Loss for the period from discontinued operation  | -                                       | (10,635)                 | (10,635)                   |
| <b>Profit for the period, net of tax</b>         | <b>5,748</b>                            | <b>-</b>                 | <b>5,748</b>               |

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| <b>6 months ended 30 June 2015</b>               | <b>Previously<br/>stated<br/>RM'000</b> | <b>MFRS 5<br/>RM'000</b> | <b>Restated<br/>RM'000</b> |
|--------------------------------------------------|-----------------------------------------|--------------------------|----------------------------|
| Revenue                                          | 110,389                                 | -                        | 110,389                    |
| Direct cost                                      | (90,564)                                | 16,469                   | (74,095)                   |
| Gross profit                                     | 19,825                                  | 16,469                   | 36,294                     |
| Other income                                     | 6,043                                   | (31)                     | 6,012                      |
| Operating expenses                               | (16,338)                                | 271                      | (16,067)                   |
| Finance costs                                    | (22,803)                                | 1,612                    | (21,191)                   |
| Share of results of associates, net of tax       | 2,469                                   | -                        | 2,469                      |
| Share of results of joint ventures, net of tax   | 27,994                                  | -                        | 27,994                     |
| Profit before tax                                | 17,190                                  | 18,321                   | 35,511                     |
| Tax expense                                      | (489)                                   | -                        | (489)                      |
| Profit for the period from continuing operations | <b>16,701</b>                           | <b>18,321</b>            | <b>35,022</b>              |
| <b><u>Discontinued Operation</u></b>             |                                         |                          |                            |
| Loss for the period from discontinued operation  | -                                       | (18,321)                 | (18,321)                   |
| <b>Profit for the period, net of tax</b>         | <b>16,701</b>                           | <b>-</b>                 | <b>16,701</b>              |

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

**1. Performance Review**

For the financial period ended 30 June 2016, the Group generated total revenue of RM107.97million, a decrease of RM2.42million when compared to the amount of RM110.39million in the corresponding financial period ended 30 June 2015.

The decrease in revenue was mainly due to discount given on the charter rate for Perisai Pacific 101("PP101") as a result of significant drop in oil prices.

Profit before tax ("PBT") from continuing operations for the financial period ended 30 June 2016 amounted to RM9.71million, a decrease of RM25.31million when compared to the PBT amount of RM35.02million recorded in the corresponding financial period ended 30 June 2015.

The decrease in PBT was mainly due to:

- (i) the full 6 months discount given on the charter rate for PP101 for the financial period ended 30 June 2016 as compared to approximately 4 months in the previous financial period ended 30 June 2015;
- (ii) higher foreign exchange loss as reflected in other operating expenses, amounting to RM13.36million;
- (iii) a lower share of contribution from the results of the joint ventures particularly from the Floating, Production, Storage and Offloading unit (FPSO), Perisai Kamelia as a result of discount given on the charter rate; and
- (iv) higher finance cost, which was mitigated by lower direct cost incurred.

Total profit net of tax from both continuing and discontinued operations for the financial period ended 30 June 2016 amounted to RM2.76million, a decrease of RM13.94million when compared to the amount of RM16.70million attained in the corresponding financial period ended 30 June 2015. The decrease is mainly due to the same reasons as mentioned in the immediate paragraph above and lower loss from discontinued operation as no depreciation charge is required under the provisions of MFRS 5 "Non-Current Assets Held For Sale and Discontinued Operations" for assets which are held for sale.

For the current quarter ended 30 June 2016, the Group generated total revenue of RM53.08million which is consistence with the revenue of RM53.66million generated in the previous corresponding quarter ended 30 June 2015.

Profit before tax ("PBT") from continuing operations for the current quarter ended 30 June 2016 amounted to RM2.65million, a decrease of RM13.73million when compared to the PBT amount of RM16.38million attained in the corresponding quarter ended 30 June 2015.

The decrease in PBT was mainly due to:

- (i) a lower share of contribution from the results of the joint ventures particularly from the Floating, Production, Storage and Offloading unit, Perisai Kamelia as a result of discount given on the charter rate;
- (ii) lower foreign exchange gain as reflected in other income; and
- (iii) higher finance cost, which was mitigated by lower direct cost incurred.

Total profit net of tax from both continuing and discontinued operations for the current quarter ended 30 June 2016 amounted to RM2.08million, a decrease of RM3.67million when compared to the amount of RM5.75million attained in the corresponding quarter ended 30 June 2015. The decrease is mainly due to the same reasons as mentioned in the immediate paragraph above and lower loss from discontinued operation as no depreciation charge is required under the provisions of MFRS 5 "Non-Current Assets Held For Sale and Discontinued Operations" for assets which are held for sale.

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

For the current financial quarter ended 30 June 2016, the Group recorded a PBT of approximately RM2.65million against a PBT of RM7.29million recorded in the preceding quarter.

The decreased in PBT was mainly due to lower share of contribution from the results of the joint ventures particularly from the Floating, Production, Storage and Offloading unit, Perisai Kamelia as a result of discount given on the charter rate.

### 3. Future Prospects

Continuing depressed oil prices has caused uncertainty on the outlook for the demand for the oil and gas assets in the short to medium terms. The Group will remain cautious on its capital and cost management. Operational efficiency of the operating assets is expected to be maintained while pursuing various opportunities with respect to the Rubicone, Enterprise 3 and drilling rigs.

In the current quarter, all covenants relating to financial ratios as applying to the group were fully complied with with the exception of the interest cover ratio. As at the financial period ended 30 June 2016, the ratio for interest cover was slightly below the required minimum. The Group has and is taking active steps in addressing this slight deviation.

The Company has commenced discussions and engaged with the holders of the Medium Term Notes ("Notes") with the view of achieving a mutually agreed solution with regards to the upcoming maturity of the Notes on 3 October 2016.

### 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 2016.

### 5. Income Tax Expense

|                                                 | Individual Period                                        |                                                                             | Cumulative Period                                        |                                                                            |
|-------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------------------------|
|                                                 | Current Year<br>Quarter<br><br>30 June<br>2016<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br><br>30 June<br>2015<br>RM'000 | Current Year<br>To Date<br><br>30 June<br>2016<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br><br>30 June<br>2015<br>RM'000 |
| Based on result for the year                    |                                                          |                                                                             |                                                          |                                                                            |
| - Current year provision                        | (225)                                                    | (196)                                                                       | (452)                                                    | (448)                                                                      |
| - Under provision for<br>taxation in prior year | (6)                                                      | (43)                                                                        | (6)                                                      | (41)                                                                       |
|                                                 | <b>(231)</b>                                             | <b>(239)</b>                                                                | <b>(458)</b>                                             | <b>(489)</b>                                                               |

The effective tax rate for the current quarter and financial period ended 30 June 2016 was lower than the statutory tax rate arising mainly from 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

Macquarie Bank Limited ("Macquarie") was granted call options with the right to exercise and be issued with up to 119,000,000 ordinary shares of RM0.10 each pursuant to the Call Option Agreement dated 24 November 2015.

The proceeds raised during the private placement were approved for the following activities and status on the funds utilised as at 18 August 2016 are summarised below:

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| Purpose                                                                                   | Approved Utilisation<br>RM' Million | Amount Utilised<br>RM' Million | Amount Unutilised<br>RM' Million | Expected Time Frame For The Full Utilisation |
|-------------------------------------------------------------------------------------------|-------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| Repayment of bank borrowings and/or capital investment for jack-up drilling rigs and MOPU | 25.0                                | ( - )                          | 25.0                             | Within one (1) year                          |
| Working capital:                                                                          |                                     |                                |                                  |                                              |
| - Operational expenses for jack-up drilling and MOPU                                      | 1.2                                 | (1.2)                          | -                                | Fully utilised                               |
| - Finance cost                                                                            | 5.8                                 | (1.3)                          | 4.5                              | Within one (1) year                          |
| - Management and administrative expenses                                                  | 4.7                                 | (4.7)                          | -                                | Fully utilised                               |
| Estimated expenses relating to the Proposed Private Placement                             | 0.3                                 | (0.3)                          | -                                | Fully utilised                               |
| <b>Total</b>                                                                              | <b>*37.0</b>                        | <b>(7.5)</b>                   | <b>29.5</b>                      |                                              |

\* Total proceeds raised as at 18 August 2016 is RM9.0million.

The Company had on 7 April 2016 obtained the approval from Bursa Malaysia Securities Berhad for an extension of time of six (6) months from 21 April 2016 up to 20 October 2016 to complete the implementation of the Proposed Private Placement.

## 7. Borrowings And Debt Securities

The Group's borrowings and debt securities as at 30 June 2016 are as follows:

|                    | Short Term<br>RM'000 | Long Term<br>RM'000 |
|--------------------|----------------------|---------------------|
| <u>Secured</u>     |                      |                     |
| - Term loan        | 49,152               | 686,372             |
| - Revolving credit | 50,315               | -                   |
| - Overdraft        | 4,927                | -                   |
| - Hire purchase    | 122                  | 95                  |
| <u>Unsecured</u>   |                      |                     |
| - MTN              | 370,868              | -                   |
| <b>Total</b>       | <b>475,384</b>       | <b>686,467</b>      |

The Group borrowings are denominated in the following currencies:

|                  | Short Term<br>RM'000<br>Equivalent | Long Term<br>RM'000<br>Equivalent |
|------------------|------------------------------------|-----------------------------------|
| Ringgit Malaysia | 15,049                             | 95                                |
| US Dollar        | 89,467                             | 686,372                           |
| SG Dollar        | 370,868                            | -                                 |
| <b>Total</b>     | <b>475,384</b>                     | <b>686,467</b>                    |

## 8. Prepayment

Prepayment mainly consists of capital expenditure, project management and other related costs for the second (2<sup>nd</sup>) and third (3<sup>rd</sup>) jack up drilling rigs.

## 9. Changes In Material Litigation

There was no litigation for the financial period ended 30 June 2016.

## 10. Dividends Payable

There was no dividend declared for the financial period ended 30 June 2016.

# **11. 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 period, excluding treasury shares held by the Company.

## **(a) Basic Earnings Per Share**

|                                                                | Individual Period                                        |                                                                             | Cumulative Period                                        |                                                                            |
|----------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------------------------|
|                                                                | Current Year<br>Quarter<br><br>30 June<br>2016<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br><br>30 June<br>2015<br>RM'000 | Current Year<br>To Date<br><br>30 June<br>2016<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br><br>30 June<br>2015<br>RM'000 |
|                                                                |                                                          | (Restated)                                                                  |                                                          | (Restated)                                                                 |
| (Loss)/Profit from continuing operations                       | (2,112)                                                  | 12,241                                                                      | 229                                                      | 26,959                                                                     |
| Loss from discontinued operations                              | (571)                                                    | (10,635)                                                                    | (6,957)                                                  | (18,321)                                                                   |
| (Loss)/Profit attributable to owners of the Company net of tax | (2,683)                                                  | 1,606                                                                       | (6,728)                                                  | 8,638                                                                      |
| Weighted average number of ordinary shares in issue ('000)     | 1,217,855                                                | 1,192,725                                                                   | 1,217,855                                                | 1,192,725                                                                  |
| Basic earnings/(loss) per share (sen):                         |                                                          |                                                                             |                                                          |                                                                            |
| - from continuing operations                                   | (0.17)                                                   | 1.02                                                                        | 0.02                                                     | 2.26                                                                       |
| - from discontinued operation                                  | (0.05)                                                   | (0.89)                                                                      | (0.57)                                                   | (1.54)                                                                     |
| Total (sen)                                                    | (0.22)                                                   | 0.13                                                                        | (0.55)                                                   | 0.72                                                                       |

## **(b) Diluted Earnings Per Share**

|                                                                                  | Individual Period                                        |                                                                             | Cumulative Period                                        |                                                                            |
|----------------------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------------------------|
|                                                                                  | Current Year<br>Quarter<br><br>30 June<br>2016<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br><br>30 June<br>2015<br>RM'000 | Current Year<br>To Date<br><br>30 June<br>2016<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br><br>30 June<br>2015<br>RM'000 |
|                                                                                  |                                                          | (Restated)                                                                  |                                                          | (Restated)                                                                 |
| (Loss)/Profit from continuing operations                                         | (2,112)                                                  | 12,241                                                                      | 229                                                      | 26,959                                                                     |
| Loss from discontinued operations                                                | (571)                                                    | (10,635)                                                                    | (6,957)                                                  | (18,321)                                                                   |
| (Loss)/Profit attributable to owners of the company net of tax                   | (2,683)                                                  | 1,606                                                                       | (6,728)                                                  | 8,638                                                                      |
| Weighted average number of ordinary shares in issue ('000)                       | 1,222,207                                                | 1,192,725                                                                   | 1,222,207                                                | 1,192,725                                                                  |
| Effect of dilution ('000)                                                        |                                                          |                                                                             |                                                          |                                                                            |
| - Share options                                                                  | -                                                        | 5,053                                                                       | -                                                        | 5,053                                                                      |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | 1,222,207                                                | 1,197,778                                                                   | 1,222,207                                                | 1,197,778                                                                  |
| Diluted (loss)/earnings per share (sen):                                         |                                                          |                                                                             |                                                          |                                                                            |
| - from continuing operations                                                     | (0.17)                                                   | 1.02                                                                        | 0.02                                                     | 2.26                                                                       |
| - from discontinued operation                                                    | (0.05)                                                   | (0.89)                                                                      | (0.57)                                                   | (1.54)                                                                     |
| Total (sen)                                                                      | (0.22)                                                   | 0.13                                                                        | (0.55)                                                   | 0.72                                                                       |

**12. Auditors' Report On Preceding Annual Financial Statements**

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

**13. Realised and Unrealised Retained Earnings/Accumulated Losses**

|                                                                                         | As at<br>30 June 2016<br>RM'000 | As at<br>31 December 2015<br>RM'000 |
|-----------------------------------------------------------------------------------------|---------------------------------|-------------------------------------|
| <b>Total retained earnings/(accumulated losses)</b>                                     |                                 |                                     |
| <b>Total (accumulated losses)/retained earnings of the Company and its subsidiaries</b> |                                 | (Audited)                           |
| - realised profit/(loss)                                                                | (970,793)                       | (956,351)                           |
| - unrealised profit/(loss)                                                              | (12,028)                        | 12,367                              |
|                                                                                         | (982,821)                       | (943,984)                           |
| <b>Total share of (accumulated losses)/retained earnings from associates</b>            |                                 |                                     |
| - realised profit/(loss)                                                                | (16,333)                        | (15,299)                            |
| - unrealised profit/(loss)                                                              | 175                             | (473)                               |
|                                                                                         | (16,158)                        | (15,772)                            |
| <b>Total share of (accumulated losses)/retained earnings from joint ventures</b>        |                                 |                                     |
| - realised profit                                                                       | 88,784                          | 70,907                              |
| - unrealised profit/(loss)                                                              | (444)                           | (331)                               |
|                                                                                         | 88,340                          | 70,576                              |
| Less: Consolidated adjustments                                                          | 497,291                         | 482,560                             |
| <b>Total accumulated losses as per unaudited consolidated financial statements</b>      | <b>(413,348)</b>                | <b>(406,620)</b>                    |

**14. Notes to Condensed Consolidated Statements of Comprehensive Income**

|                                                                            | Current Year<br>Quarter<br>30 June<br>2016<br>RM'000 | Current Year To<br>Date<br>30 June<br>2016<br>RM'000 |
|----------------------------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|
| <b>Profit/(loss) before tax is arriving at after charging/(crediting):</b> |                                                      |                                                      |
| Interest income                                                            | (16)                                                 | (45)                                                 |
| Other income                                                               | (277)                                                | (554)                                                |
| Interest expenses                                                          | 13,053                                               | 26,081                                               |
| Depreciation and amortisation                                              | 10,156                                               | 26,486                                               |
| Other receivables written off                                              | -                                                    | 72                                                   |
| Realised foreign exchange loss                                             | 464                                                  | 1,332                                                |
| Unrealised foreign exchange loss                                           | 1,291                                                | 12,028                                               |

**15. Financial Instruments**

(a) Details of derivative financial instruments outstanding as at 30 June 2016 are set out below:-

| Type of derivative                                  | Contract/Notional<br>Amount<br>RM'000 | Fair value<br>liabilities<br>RM'000 |
|-----------------------------------------------------|---------------------------------------|-------------------------------------|
| <b>Cross Currency Interest Rate Swaps ("CCRIS")</b> |                                       |                                     |
| -less than 1 year                                   | 68,738                                | 68,738                              |
| -1 year to 3 years                                  | Nil                                   | Nil                                 |
| -More than 3 years                                  | Nil                                   | Nil                                 |

There have been no changes since the end of the previous financial period ended 30 June 2016 in respect of the following:-

- i. the credit risk and market risks associated with the derivatives;
- ii. the cash requirements of the derivatives;
- iii. the policies in place for mitigating or controlling the risk associated with the derivatives; and
- iv. 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 2016, the Group has on re-measuring the fair value of the derivative financial instrument, recognized derivative financial liabilities of RM5.972million, a decrease of RM4.572million from the previous financial year ended 31 December 2015. The corresponding increase has been included in equity in the cashflow hedging reserve of which unrealized profit of RM3.141million for the financial year was transferred to the income statement. This has resulted in an increase in the cash flow hedging reserve as at 31 December 2015 by the amount of RM1.431million to RM1.911million as compared to the preceding financial year ended 31 December 2015.

The cashflow hedging reserve represents the deferred fair value losses relating to the CCIRS. As the Group intends to hold the MTN and associated derivative instrument to maturity, any changes to the fair value of the derivative instrument will not impact the income statement.

**16. 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 24 August 2016.

**By Order of the Board**  
**Perisai Petroleum Teknologi Bhd**

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