

OTHERS PERISAI PETROLEUM TEKNOLOGI BHD ("PERISAI" OR THE "COMPANY") - DEFAULT IN PAYMENT PURSUANT TO PARAGRAPH 9.19A OF BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

PERISAI PETROLEUM TEKNOLOGI BHD

Type	Announcement
Subject	OTHERS
Description	PERISAI PETROLEUM TEKNOLOGI BHD ("PERISAI" OR THE "COMPANY") - DEFAULT IN PAYMENT PURSUANT TO PARAGRAPH 9.19A OF BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

1. Introduction

Reference is made to the announcement of 3 October 2016 released earlier pertaining to the outcome of the meeting of the holders of SGD\$125 million 6.875% multicurrency medium term notes ("Notes") of the Company's wholly-owned subsidiary, Perisai Capital (L) Inc ("Perisai Capital") held on 3 October 2016 ("Meeting") where the extraordinary resolution as set out in the Notice of Meeting dated 10 September 2016 was not carried at the Meeting.

The Company wishes to inform that it and its wholly owned subsidiary, Perisai Capital, have both received a notice dated 10 October 2016 from the Trustee of the Notes notifying that an event of default for payment of principal and interest of the Notes has occurred.

The Trustee notified that the event of default under Condition 9(a) of the Terms of the Notes has occurred as Perisai Capital has failed to pay the principal and interest due on the Notes on 3 October 2016 and such has continued for a period of 5 days.

The Trustee further notified that it does not intend to take any further action to declare the Notes to be due and repayable unless directed by Noteholders in accordance with the Trust Deed and provided with satisfactory indemnification and/or security and/or prefunded against any liability they may incur, as provided for in the Terms of the Notes and Trust Deed.

The Company would make the necessary announcement on this matter as developments thereto arise.

2. REQUIRED DETAILS OF ANNOUNCEMENT

(a) Date of default in payment

Notice received today, 10 October 2016

(b) Reasons for the default in payment

The Company and its subsidiaries (the “Group”) are currently operating under adverse financial conditions. With the current market downturn, the Group’s business has been negatively affected by market conditions in the oil & gas sector, including weak crude oil prices and slow economic growth.

The offshore oil & gas industry has remained uncertain and volatile and as the market remains depressed in 2016, the Group continues to see challenging times as the demand for the Group’s offshore assets and services continue to remain low.

As a result Perisai Capital is not able to meet payment of the principal and interest in respect of the Notes due on 3 October 2016.

(c) Measures by the Company to address the default in payment

As announced on 3 October 2016 the Company, together with its joint venture partner, Emas Offshore Limited (“EOL”) had, on 30 September 2016 received an indicative offer of financing from a financial institution (“Indicative Financing”).

Part of the amount from the indicative offer would be earmarked towards a mutually acceptable resolution with Perisai Capital’s Noteholders with regards the Notes through the availability to the Perisai Group of a sum of approximately US\$20 million.

It is on this basis Perisai Capital intends to engage with the Noteholders on an alternative proposal.

(d) The legal implications of the default in payment including the extent of the Company’s liability in respect of the obligations incurred under the agreements for the indebtedness.

The extent of the Company’s liability is towards the principal and interest under the Notes as the same is guaranteed by the Company.

(e) The business, financial and operational impact of the default in payment on the Company.

The business and operations of the Perisai Group is not likely to be affected by the default in payment.

The Company has and will continue to be in close communications with its financiers to minimise any financial impact that may arise from the default.

(f) Whether the default in payment constitutes an event of default under a different agreement for indebtedness (cross default) and the details for such other default, where applicable.

The default in payment will give rise to an event of default by virtue of the cross default provision under the loan documents of the financing facilities undertaken by the Perisai Group:

(g) Where the default in payment is in respect of a subsidiary or associated company, a confirmation as to whether the subsidiary or associated company is a major subsidiary or major associated company, as the case may be.

Perisai Capital is a wholly-owned subsidiary of the Company but is not a major subsidiary as it does not contribute 70% or more of the profit before tax or total assets employed of Perisai on a consolidated basis.

(h) Solvency

Perisai Capital is unable to repay the principal and interest due on the Notes.

As such, it is not solvent.

As the primary cause of the insolvency is the inability of Perisai Capital to repay the principal and interest of the Notes due, Perisai Capital intends to reach a mutually agreeable solution with the Noteholders based on the availability of the Indicative Financing. It is expected that this resolution would include a restructure of the due date of the principal and interest of the Notes, thereby rendering Perisai Capital back to solvency.

This announcement is dated 10 October 2016

Announcement Info

Company Name	PERISAI PETROLEUM TEKNOLOGI BHD
Stock Name	PERISAI
Date Announced	10 Oct 2016
Category	General Announcement for PLC
Reference Number	GA1-10102016-00072