

Quarterly rpt on consolidated results for the financial period ended 30 Jun 2018

PERISAI PETROLEUM TEKNOLOGI BHD

Financial Year End	30 Jun 2018
Quarter	4 Qtr
Quarterly report for the financial period ended	30 Jun 2018
The figures	have not been audited

Attachments

[Perisai-Quarterly Report Q4 30 June 2018.pdf](#)

58.9 kB

[Perisai-Notes to Accounts Q4 30 June 2018.pdf](#)

409.4 kB

Default Currency

Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION

30 Jun 2018

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017
		\$\$'000	\$\$'000	\$\$'000	\$\$'000
1	Revenue	30,231	44,307	127,180	167,618
2	Profit/(loss) before tax	-218,045	-263,581	-469,530	-609,199
3	Profit/(loss) for the period	-218,153	-263,762	-470,066	-609,709
4	Profit/(loss) attributable to ordinary equity holders of the parent	-210,519	-205,354	-456,436	-533,703
5	Basic earnings/(loss) per share (Subunit)	-16.70	-16.29	-36.21	-44.18
6	Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
		AS AT END OF CURRENT		AS AT PRECEDING FINANCIAL	

		QUARTER	YEAR END
7	Net assets per share attributable to ordinary equity holders of the parent (\$\$)	-0.2800	0.1000

Definition of Subunit:

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

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

Announcement Info

Company Name	PERISAI PETROLEUM TEKNOLOGI BHD
Stock Name	PERISAI
Date Announced	28 Aug 2018
Category	Financial Results
Reference Number	FRA-28082018-00028

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2018

	Note	Individual Period			Cumulative Period		
		Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year To Date	Preceding Year Corresponding Period	Changes
		30.6.2018	30.6.2017	%	30.6.2018	30.6.2017	%
		RM'000 (Unaudited)	RM'000 (Unaudited)		RM'000 (Unaudited)	RM'000 (Unaudited)	
Revenue	A8	30,231	44,307	(32)	127,180	167,618	(24)
Direct cost		(18,175)	(28,765)	37	(93,319)	(141,746)	34
Gross profit/(loss)		12,056	15,542	(22)	33,861	25,872	31
Other income		390	872	(55)	66,130	1,741	3,698
Operating expenses		(11,839)	(8,414)	(41)	(29,800)	(28,957)	(3)
Impairment loss on:							
- investment in joint venture		-	30,109	100	-	(59,209)	100
- plant and equipment		(67,955)	(58,114)	(17)	(276,649)	(186,325)	(48)
- prepayment		-	(137)	100	-	(28,556)	100
- trade receivables		3,544	(108,363)	103	(9,496)	(108,363)	91
- amount due from joint venture		(55,816)	-	(100)	(55,816)	-	(100)
Finance costs		(21,002)	(18,680)	(12)	(78,387)	(66,556)	(18)
Share of results of associates, net of tax		(158)	265	(160)	64	1,711	(96)
Share of results of joint ventures before impairment, net of tax		(28,492)	(46,953)	39	(70,664)	(35,193)	101
Share of impairment on plant and equipment of joint ventures		(48,773)	(69,708)	30	(48,773)	(125,364)	61
Loss before tax	B1	(218,045)	(263,581)	17	(469,530)	(609,199)	23
Tax expense	B5	(108)	(181)	40	(536)	(510)	(5)
Loss for the year/period		(218,153)	(263,762)	17	(470,066)	(609,709)	23
(Loss)/Profit attributable to:							
Owners of the Company		(210,519)	(205,354)	(3)	(456,436)	(553,703)	18
Non-controlling interests		(7,634)	(58,408)	(87)	(13,630)	(56,006)	(76)
		(218,153)	(263,762)	17	(470,066)	(609,709)	23
(Loss)/Earnings per share ("EPS / LPS") attributable to owners of the company (sen per share)		Sen	Sen		Sen	Sen	
- Basic	B10(a)	(16.70)	(16.29)		(36.21)	(44.18)	
- Diluted	B10(a)	(16.70)	(16.29)		(36.21)	(44.18)	

The unaudited consolidated income statement should be read in conjunction with the audited financial statements for the period ended 30 June 2017 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 FOURTH QUARTER ENDED 30 JUNE 2018**

	Individual Period			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year To Date	Preceding Year Corresponding Period	Changes
	30.6.2018 RM'000 (Unaudited)	30.6.2017 RM'000 (Unaudited)	%	30.6.2018 RM'000 (Unaudited)	30.6.2017 RM'000 (Unaudited)	%
Loss for the year/period	(218,153)	(263,762)	17	(470,066)	(609,709)	23
<i>Items that may subsequently be classified to profit or loss:</i>						
Foreign currency translation differences arising during the financial year/period	29,917	(20,425)	246	(67,922)	50,624	(234)
Reclassified of foreign currency translation reserve to profit or loss on repayment of intercompany balances	43	(451)	110	84	(2,278)	104
Reliasation of foreign currency translation reserve to profit or loss	(15)	-	(100)	28,531	-	100
Cash flow hedged						
- fair value changes during the year/period	-	-	-	-	5,972	(100)
- reclassified adjustments for amounts recognised in profit or loss	-	-	-	-	(4,061)	100
Total comprehensive loss	(188,208)	(284,638)	34	(509,373)	(559,452)	9
Attributable to:						
Owners of the Company	(185,162)	(219,862)	16	(488,774)	(513,040)	5
Non-controlling interests	(3,046)	(64,776)	(95)	(20,599)	(46,412)	(56)
	(188,208)	(284,638)	34	(509,373)	(559,452)	9

The unaudited consolidated comprehensive income should be read in conjunction with the audited financial statements for the period ended 30 June 2017 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 2018

	Note	As At End Of Current Quarter 30.6.2018 RM'000 (Unaudited)	As At End Of Previous Financial Period 30.6.2017 RM'000 (Audited)
Non-current assets			
Plant and equipment	A9	662,558	1,053,296
Intangible assets		75	75
Investment in associates		1,138	1,977
Investment in joint ventures		396,855	547,007
		<u>1,060,626</u>	<u>1,602,355</u>
Current assets			
Trade receivables		28,642	30,403
Other receivables, deposits and prepayment		11,018	69,003
Tax recoverable		471	517
Cash and bank balances		28,385	16,392
		<u>68,516</u>	<u>116,315</u>
TOTAL ASSETS		<u>1,129,142</u>	<u>1,718,670</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		770,888	770,888
Treasury shares		(231)	(231)
Accumulated losses		(1,411,083)	(962,830)
Other reserves		283,601	324,234
Equity attributable to owners of the Company		<u>(356,825)</u>	<u>132,061</u>
Non-controlling interests		98,243	118,842
Total equity		<u>(258,582)</u>	<u>250,903</u>
Non-current liabilities			
Other payables		9,892	10,520
		<u>9,892</u>	<u>10,520</u>
Current liabilities			
Trade payables		13,878	16,121
Other payables and accruals		134,458	123,142
Loans and borrowings	B7	1,229,496	1,317,964
Tax payable		-	20
		<u>1,377,832</u>	<u>1,457,247</u>
Total liabilities		<u>1,387,724</u>	<u>1,467,767</u>
TOTAL EQUITY AND LIABILITIES		<u>1,129,142</u>	<u>1,718,670</u>
Net assets per share attributable to owners of the parent (RM)		(0.28)	0.10

The unaudited consolidated financial position should be read in conjunction with the audited financial statements for the period ended 30 June 2017 and the accompanying explanatory notes.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

Note	<-----Attributable to Equity Holders of the Company----->						Non-controlling	Total
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Other reserves RM'000	Accumulated losses RM'000	Sub-total RM'000	Interest RM'000	equity RM'000
At 1.7.2016 (Unaudited)	122,261	642,729	(231)	285,361	(413,348)	636,772	165,597	802,369
Comprehensive income								
Profit/(Loss) for the financial period	-	-	-	-	(553,703)	(553,703)	(56,006)	(609,709)
Other comprehensive income								
Foreign currency translation differences	-	-	-	38,752	-	38,752	9,593	48,345
Cash flow hedge	-	-	-	1,911	-	1,911	-	1,911
Total comprehensive income/(loss) for the period	-	-	-	40,663	(553,703)	(513,040)	(46,413)	(559,453)
Transactions with owners								
Share options granted under ESOS	-	-	-	2,431	-	2,431	-	2,431
Lapsed of ESOS	-	-	-	(4,221)	4,221	-	-	-
Shares issuance pursuant to private placement	3,826	2,174	-	-	-	6,000	-	6,000
Shares issuance expenses	-	(102)	-	-	-	(102)	-	(102)
Dividend paid to non-controlling interest	-	-	-	-	-	-	(342)	(342)
Total transactions with owners	3,826	2,072	-	(1,790)	4,221	8,329	(342)	7,987
Transfer in accordance with Section 618(2) of the Companies Act 2016	644,801	(644,801)	-	-	-	-	-	-
At 30.6.2017 (Audited)	770,888	-	(231)	324,234	(962,830)	132,061	118,842	250,903
At 1.7.2017 (Audited)	770,888	-	(231)	324,234	(962,830)	132,061	118,842	250,903
Comprehensive income/(loss)								
Loss for the financial year	-	-	-	-	(456,436)	(456,436)	(13,630)	(470,066)
Other comprehensive income/(loss)								
Foreign currency translation differences	-	-	-	(33,044)	-	(33,044)	(6,969)	(40,013)
Total comprehensive (loss)/income for the year	-	-	-	(33,044)	(456,436)	(489,480)	(20,599)	(510,079)
Transactions with owners								
Share options granted under ESOS	-	-	-	594	-	594	-	594
Lapsed of ESOS	-	-	-	(8,183)	8,183	-	-	-
	-	-	-	(7,589)	8,183	594	-	594
At 30.6.2018 (Unaudited)	770,888	-	(231)	283,601	(1,411,083)	(356,825)	98,243	(258,582)

The condensed unaudited consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the period ended 30 June 2017 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 YEAR ENDED 30 YEAR 2018

	12 Months Ended	
	30.6.2018	30.6.2017
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Cash flow from operating activities		
Loss before taxation	(469,530)	(609,199)
Adjustment for :		
Depreciation of plant and equipment	54,240	78,115
Provision for impairment on investment in joint ventures	-	59,209
Provision for impairment on plant and equipment	276,649	186,325
Provision for impairment on prepayment	-	28,557
Provision for impairment on trade receivables	9,496	108,363
Provision for impairment on other receivables	1,106	-
Provision for impairment on amount due from joint venture	55,816	-
Plant and equipment written off	70	-
Surplus on liquidation	(60,170)	-
Net unrealised (gain)/loss on foreign exchange	7,538	(6,138)
Share of results of associates	(64)	(1,712)
Share of results of joint ventures	119,437	160,557
Share options granted under employees' share option scheme ("ESOS")	594	2,430
Interest expense	78,387	66,556
Interest income	(338)	(338)
Operating profit before working capital changes	73,231	72,725
Changes in working capital:		
Change in receivables	(9,816)	(43,449)
Change in payables	(1,304)	2,831
Cash generated from operating activities	62,111	32,107
Interest paid	(29,457)	(27,037)
Interest received	337	49
Dividend received	810	1,698
Tax paid	(590)	(926)
Tax refund	-	177
Net cash generated from operating activities	33,211	6,068
Cash flow from investing activities		
Prepayment of plant and equipment	-	(6,211)
Purchase of plant and equipment	(8)	(897)
Net advances (to)/from joint ventures	(39)	(354)
Net cash used in investing activities	(47)	(7,462)
Cash flow from financing activities		
Payment of hire purchase	(95)	(122)
Net proceeds from shares issuance pursuant to private placement	-	6,001
- Gross proceeds	-	(102)
- Share issuance expenses	-	(343)
Dividend paid	-	11,204
Drawdown of loans and borrowings	1,240	(21,163)
Repayment of loans and borrowings	(17,446)	
Net cash from/(used) from financing activities	(16,301)	(4,525)
Net increase/(decrease) in cash and cash equivalents during the year/period	16,863	(5,919)
Effect of exchange rate changes	(5,474)	618
	11,389	(5,301)
Cash and cash equivalents at beginning of period	11,626	16,927
Cash and cash equivalents at end of year/period *	23,015	11,626
* Cash and cash equivalents comprise :		
Deposit	570	-
Cash and bank balances	27,815	16,392
Bank overdraft	(5,370)	(4,766)
	23,015	11,626

The condensed unaudited consolidated cash flow statement should be read in conjunction with the audited financial statements for the period ended 30 June 2017 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 period 30 June 2017. 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 period ended 30 June 2017.

2. Changes In Accounting Policies

- a) The Group adopted the following Amendments and Standards effective as of 1 January 2017:-

MFRS 12	Disclosure of Interests in Other Entities
MFRS 107	Statement of Cash Flows
MFRS 112	Income Taxes

- b) At the date of this report, the following new MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued but not yet effective and have not been applied by the Group:

MFRS, Interpretations and amendments effective for financial periods beginning on or after – 1 January 2018

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
MFRS 1	First-time adoption of MFRSs
MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 140	Investment Property
IC Int 22	Foreign Currency Transactions and Advance Consideration

MFRS, Interpretations and amendments effective for financial periods beginning on or after – 1 January 2019

MFRS 16	Leases
IC Int 23	Uncertainty over Income Tax Treatments

MFRS, Interpretations and amendments effective for a date yet to be confirm

MFRS 10	Consolidated Financial Statements
MFRS 128	Investments in Associates and Joint Ventures

MFRS, Interpretations and amendments effective for financial periods beginning on or after – 1 January 2021

MFRS 17	Insurance Contracts
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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 current quarter ended 30 June 2018.

5. Changes In Estimates

There were no significant changes in estimates that had a material effect on the results for the financial year ended 30 June 2018 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 were decreased by RM162,361 but the depreciation charges for the financial year ended 30 June 2018 have been increased by RM894,318.

6. Debts And Equity Securities

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter and financial year ended 30 June 2018.

As at 30 June 2018, 400,000 shares were held as treasury shares in accordance with the requirements of section 127 of the Companies Act 2016.

7. Dividends Paid

There were no dividends paid during the financial year ended 30 June 2018.

PERISAI PETROLEUM TEKNOLOGI BHD (632811-X)
(Incorporated in Malaysia)

8. Segmental Information

	Drilling Units		Production Units		Marine Vessels		Others		Elimination		As per Consolidation	
	30.6.18	30.6.17	30.6.18	30.6.17	30.6.18	30.6.17	30.6.18	30.6.17	30.6.18	30.6.17	30.6.18	30.6.17
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Results for the Quarter												
Revenue												
External revenue	29,389	28,859	-	-	842	15,448	-	-	-	-	30,231	44,307
Inter-segment revenue	-	-	-	-	-	-	372	503	(372)	(503)	-	-
Total segment revenue	29,389	28,859	-	-	842	15,448	372	503	(372)	(503)	30,231	44,307
Results												
Operating results	9,063	7,931	(1,098)	596	(2,866)	4,478	15,036	(5,016)	-	-	20,135	7,989
Interest expense	(7,278)	(6,707)	(1,386)	(985)	(2,650)	(1,498)	(9,688)	(9,490)	-	-	(21,002)	(18,680)
Interest income	95	9	-	-	-	-	7	2	-	-	102	11
Surplus on liquidation	-	-	-	-	-	-	(19,630)	-	-	-	(19,630)	-
Impairment loss on:												
- plant and equipment	(57,176)	(48,655)	2,247	4,818	(13,026)	(14,277)	-	-	-	-	(67,955)	(58,114)
-prepayments	-	(137)	-	-	-	-	-	-	-	-	-	(137)
-investment in joint ventures	-	-	-	30,109	-	-	-	-	-	-	-	30,109
- Amount due from joint ventures	-	-	-	-	-	-	(55,816)	-	-	-	(55,816)	-
-trade receivables	-	-	-	-	3,544	(108,363)	-	-	-	-	3,544	(108,363)
- Share of results of associates	-	-	-	-	-	-	(158)	265	-	-	(158)	265
-Share of results of joint ventures	-	-	-	-	-	-	(28,492)	(46,953)	-	-	(28,492)	(46,953)
-Share of impairment on plant and equipment of joint ventures	-	-	-	-	-	-	(48,773)	(69,708)	-	-	(48,773)	(69,708)
Segment results	(55,296)	(47,559)	(237)	34,538	(14,998)	(119,660)	(147,514)	(130,900)	-	-	(218,045)	(263,581)
Tax expense											(108)	(181)
Loss for financial period											(218,153)	(263,762)

8. Segmental Information (contd)

	Drilling Units		Production Units		Marine Vessels		Others		Elimination		As per Consolidation	
	30.6.18	30.6.17	30.6.18	30.6.17	30.6.18	30.6.17	30.6.18	30.6.17	30.6.18	30.6.17	30.6.18	30.6.17
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Results for year-to-date												
Revenue												
External revenue	114,056	106,231	-	-	13,124	61,387	-	-	-	-	127,180	167,618
Inter-segment revenue	-	-	-	-	-	-	2,691	4,421	(2,691)	(4,421)	-	-
Total segment revenue	114,056	106,231	-	-	13,124	61,387	2,691	4,421	(2,691)	(4,421)	127,180	167,618
Results												
Operating results	31,627	(6,377)	(21,103)	(38,932)	353	45,217	(1,194)	(1,301)	-	-	9,683	(1,393)
Interest expense	(27,723)	(24,634)	(4,802)	(3,515)	(7,575)	(5,074)	(38,287)	(33,333)	-	-	(78,387)	(66,556)
Interest income	313	35	-	-	-	-	25	14	-	-	338	49
Surplus on liquidation	31,639	-	-	-	-	-	28,531	-	-	-	60,170	-
Impairment loss on:												
- plant and equipment	(57,176)	(117,670)	(206,447)	(21,105)	(13,026)	(47,550)	-	-	-	-	(276,649)	(186,325)
-prepayments	-	(28,556)	-	-	-	-	-	-	-	-	-	(28,556)
-investment in joint ventures	-	-	-	(59,209)	-	-	-	-	-	-	-	(59,209)
Amount due from joint ventures	-	-	-	-	-	-	(55,816)	-	-	-	(55,816)	-
-trade receivables	-	-	-	-	(9,496)	(108,363)	-	-	-	-	(9,496)	(108,363)
-Share of results of associates	-	-	-	-	-	-	64	1,711	-	-	64	1,711
-Share of results of joint ventures	-	-	-	-	-	-	(70,664)	(35,193)	-	-	(70,664)	(35,193)
-Share of impairment on plant and equipment of joint ventures	-	-	-	-	-	-	(48,773)	(125,364)	-	-	(48,773)	(125,364)
Segment results	(21,320)	(177,202)	(232,352)	(122,761)	(29,744)	(115,770)	(186,114)	(193,466)	-	-	(469,530)	(609,199)
Tax expense											(536)	(510)
Loss for financial period											(470,066)	(609,709)

9. Valuation Of Property, Plant and Equipment

The Group did not revalue any plant and equipment during the financial year ended 30 June 2018. As at 30 June 2018, all property, plant and equipment were stated at cost less accumulated depreciation and provision for impairment.

10. Subsequent Events

There has been no material event or transaction during the year from 30 June 2018 to the date of this announcement, which affects substantially the results of the Group for the financial year ended 30 June 2018.

11. Changes In Composition Of The Group

Save as disclosed in Note B 8(i) in respect of the winding up of Perisai Pacific 102 (L) Inc, an indirect subsidiary of the Perisai by the Court, there were no changes to the composition of the Group during the financial year ended 30 June 2018.

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 year ended 30 June 2018.

- a) Corporate Guarantee of RM228.62 million issued by the Group for banking facilities granted to its joint ventures.
- b) During the previous financial period, a provision of RM5,034,790.56 was made in respect of third parties' claims for rectification works and consultants fees. Details of unprovided claims are disclosed in Note B8(ii).

13. Changes In Contingent Assets

Save as disclosed below, 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 year ended 30 June 2018.

During the previous financial period, insurance receivable represents reimbursement amount from insurance contracts on the third parties' claims of RM5,034,790.56 was made as further disclosed in Note B8(ii).

14. Material Commitments

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 2018.

15. Significant Related Party Transactions

Save as disclosed below, there were no significant related party transactions during the quarter and financial year ended 30 June 2018.

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
	30.6.2018 RM'000	30.6.2017 RM'000	30.6.2018 RM'000	30.6.2017 RM'000
Revenue				
Bareboat charter of vessels to Emas Offshore Pte. Ltd.*	(27)	4,323	2,775	17,181
Bareboat charter of vessels to Emas Offshore (M) Sdn. Bhd.*	869	11,125	10,349	44,206
Expenses				
Agency fee charged by Larizz Petroleum Services Sdn. Bhd.#	45	45	180	180
Agency fee charged by Larizz Energy Services Sdn. Bhd.#	45	45	180	180
Agency fee charged by Perisai Offshore Sdn. Bhd.#	28	28	111	111

*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.

#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 2.34% equity interest in Perisai.

16. Fair Value Measurements

The Group uses the following hierarchy for determining the fair value of the financial instruments carried at fair value:

- Level 1 fair value measurement are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 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
- 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).

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

1. Performance Review

	3 months ended 30 June			12 months ended 30 June		
	30.6.2018 RM'000	30.6.2017 RM'000	Changes (%)	30.6.2018 RM'000	30.6.2017 RM'000	Changes (%)
Revenue	30,231	44,307	(32)	127,180	167,618	(24)
Profit/(Loss) before taxation	(218,045)	(263,581)	17	(469,530)	(609,199)	23
Profit/(Loss) after taxation	(218,153)	(263,762)	17	(470,066)	(609,709)	23
Profit/(Loss) attributable to owner of the Company	(210,519)	(205,354)	(3)	(456,436)	(553,703)	18

Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2018, the Group generated total revenue of RM127.18 million, a decrease of RM40.44 million when compared to the amount of RM167.62 million in the corresponding financial period ended 30 June 2017.

The decrease in revenue was mainly due to the expiry of the charter contract for the eight (8) offshore support vessels in August 2017.

Loss before tax ("LBT") for the financial year ended 30 June 2018 amounted to RM469.53 million, an improvement of RM139.67 million when compared to the LBT amount of RM609.20 million recorded in the corresponding financial period ended 30 June 2017.

The lower LBT recorded was mainly due to surplus of RM60.17 million in other income arising from the deconsolidation of Perisai Pacific 102 (L) Inc, an indirect subsidiary of the Company as a result of winding up by the Court as disclosed in Note B8(i), lower total impairment and lower operation cost as a result of cost reduction exercise despite higher finance cost and the expiry of the contract for the eight (8) offshore support vessels and Perisai Kamelia in August 2017 and May 2017 respectively.

For the current quarter ended 30 June 2018, the Group generated total revenue of RM30.23 million a decrease of RM14.08 million when compared with the revenue of RM44.31 million generated in the previous corresponding quarter ended 30 June 2017.

The decrease in revenue was mainly due to the expiry of the charter contract for the eight (8) offshore support vessels in August 2017.

LBT for the current quarter ended 30 June 2018 amounted to RM218.05 million, an improvement of RM45.53 million when compared to the LBT amount of RM263.58 million recorded in the corresponding quarter ended 30 June 2017.

Lower LBT recorded was mainly due to lower share of loss in joint ventures as the vessel was in the lay up mode in the current quarter ended 30 June 2018 despite the expiry of the contract for the eight (8) offshore support vessels and Perisai Kamelia in August 2017 and May 2017 respectively.

Statement of Financial Position

As at 30 June 2018, total equity attributable to owner of the Company reduced to a capital deficiency of RM356.12 million from RM132.06 million as at 30 June 2017 was mainly due to loss incurred for the financial year ended 30 June 2018 and lower foreign translation reserve as a result of strengthening of Ringgit Malaysia .

The capital deficiency will be dealt with as part of the regularization plan of the Company.

Total borrowings of the Group decreased to RM1,229 million as at 30 June 2018 against RM1,318 million as at 30 June 2017 mainly due to repayment of term loans and conversion exchange rate.

Statement of Cash Flows

The Group generated a net operating cash flow of RM33.21 million for the twelve months ended 30 June 2018 as compared to RM6.07 million for the corresponding period ended 30 June 2017. The increase was mainly due to lower operating cost and cautious cash management.

The cash utilisation in investing activities was reduced to RM0.05 million from RM7.46 million for the corresponding period was mainly due to lower purchase of plant and equipment and there being no prepayment of plant and plant equipment in the financial period.

The net cash outflow in financing activities was RM16.30 million in the financial period as compared to a net cash inflow of RM4.53 million for the corresponding period. This was mainly due to no new proceeds being raised from private placement in the current year ended 30 June 2018 and lower drawing down of loans and borrowings.

Overall, the cash and cash equivalents increased by RM11.39 million as compared with opening balance cash and cash equivalent as at 1 July 2017. The cash and cash equivalents of the Group was RM23.02 million as at 30 June 2018.

Segmental Analysis

Drilling unit

For the financial year ended 30 June 2018, the Drilling Unit generated total revenue of RM114.06 million, an increase of RM7.83 million when compared to the amount of RM106.23 million in the corresponding financial period ended 30 June 2017.

The increase in revenue was mainly due to full rate being charged in the financial year as compared to lower standby charter rates being charged during certain standby period in the corresponding financial period ended 30 June 2017 after the completion of the Farm-Out contract to HESS Exploration and Production Malaysia BV ("HESS") on 6 August 2016.

LBT for the financial year ended 30 June 2018 amounted to RM21.32 million as compared to the LBT amount of RM177.20 million in the corresponding financial period ended 30 June 2017.

The decrease in LBT of RM155.88 million was mainly due to the lower impairment loss on plant and equipment, surplus of RM31.64 million attributable to the drilling segment arising from the deconsolidation of Perisai Pacific 102 (L) Inc as a result of winding up by the Court as disclosed in Note B8(i) and there being no provision for impairment on prepayment in the current financial year ended 30 June 2018 and lower operation cost as a result of cost reduction exercise.

For the current quarter ended 30 June 2018, the Drilling Unit generated total revenue of RM29.39 million which is consistent with the corresponding quarter ended 30 June 2017.

LBT for the current quarter ended 30 June 2018 amounted to RM55.30 million as compared to the LBT amount of RM47.56 million in the corresponding quarter ended 30 June 2017.

The higher LBT of RM7.74 million was mainly due to higher impairment on plant and equipment despite the lower operation cost as a result of cost reduction exercise.

Production unit

Rubicone remained idle and did not generate any revenue for the current quarter and year ended 30 June 2018.

LBT for the financial year ended 30 June 2018 amounted to RM232.35 million, an increase of RM109.59 million as compared to the LBT amount of RM122.76 million in the corresponding financial period ended 30 June 2017.

The increase in LBT was mainly due to higher impairment on plant and equipment in the financial year ended 30 June 2018.

LBT for the current quarter ended 30 June 2018 amounted to RM0.24 million, an increase LBT of RM34.78 million as compared to the PBT amount of RM34.54 million in the corresponding quarter ended 30 June 2017. The increase was mainly due to there being no reversal of impairment on investment in joint ventures in current quarter.

Marine Vessels

For the financial year ended 30 June 2018, the Marine Vessels generated total revenue of RM13.12 million, a decrease of RM48.27 million as compared to the amount of RM61.39 million in the corresponding financial period ended 30 June 2017.

The decrease in revenue was mainly due to the expiry of the charter contract for the eight (8) offshore support vessels in August 2017.

LBT for the financial year ended 30 June 2018 amounted to RM29.74 million, a decrease of RM86.03 million when compared to the PBT amount of RM115.77 million in the corresponding financial period ended 30 June 2017.

The lower LBT was mainly due to the lower impairment on trade receivables and plant and equipment despite the expiry of contract for the eight (8) offshore support vessels in August 2017.

For the current quarter ended 30 June 2018, the Marine Vessels generated total revenue of RM0.84 million, a decrease of RM14.61 million as compared to the amount of RM15.45 million in the corresponding quarter ended 30 June 2017.

The decrease in revenue was mainly due to the expiry of the charter contract for the eight (8) offshore support vessels in August 2017.

LBT for the current quarter ended 30 June 2018 amounted to RM15.00 million, a decrease of RM104.66 million when compared to the PBT amount of RM119.66 million in the corresponding quarter ended 30 June 2017.

The lower LBT was mainly due to there being no impairment on trade receivables in the current quarter despite the expiry of contract for the eight (8) offshore support vessels in August 2017.

Results of Joint Ventures

For the financial year ended 30 June 2018, the share of loss in joint ventures was RM119.44million as compared to a loss of RM160.56 million in the corresponding financial period ended 30 June 2017.

The lower share of loss was mainly due to fixed lay up costs incurred after the expiry of FPSO contract in May 2017 and lower impairment on plant and equipment in the financial year ended 30 June 2018.

For the current quarter ended 30 June 2018, the share of loss in joint ventures was RM77.27million as compared to a loss of RM116.66 million in the corresponding quarter ended 30 June 2017.

The lower share of loss was mainly due to fixed lay up costs incurred after the expiry of FPSO contract in May 2017 and lower impairment on plant and equipment in the financial quarter ended 30 June 2018.

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

	Current Quarter	Preceding Quarter	
	30.6.2018 RM'000	31.3.2018 RM'000	Changes (%)
Revenue	30,231	29,361	2.96
Profit/(Loss) before taxation	(218,045)	(246,109)	11.40
Profit/(Loss) after taxation	(218,153)	(246,276)	11.42
Profit/(Loss) attributable to owner of the Company	(210,519)	(244,524)	13.91

For the current financial quarter ended 30 June 2018, the Group recorded a LBT of approximately RM218.05 million against a PBT of RM246.11 million recorded in the preceding quarter.

The lower LBT in the current quarter was mainly due to lower impairment loss on trade receivables.

3. Future Prospects

The outlook for the demand for the oil and gas assets in the short to medium term remains challenging. The Group will remain cautious on its capital and cost management. Operational efficiency of the operating asset is expected to be maintained.

On 22 June 2017, Perisai Offshore Sdn Bhd and Petronas Carigali Sdn Bhd have agreed to extend the duration of the contract for the provision of jack up drilling rig, PP101 based on an agreed formula which is primarily dependent on the prevailing market rate for the daily charter. Unless there are changes to the prevailing market rate, the contract is expected to be extended for a period of approximately twenty (20) months.

Save as mentioned above, the Group is pursuing various opportunities for all its other assets that are out of charter.

On 8 June 2018, in the court convened meeting, the Scheme Creditors of the Company have approved the Scheme with the requisite majority.

On 1 August 2018, the application in relation to the Proposed Regularisation Plan has been submitted to Bursa Securities for approval.

On 8 August 2018, the Company has obtained an extension of the Restraining Order from the High Court of Malaya at Kuala Lumpur for a further period of nine (9) months effective from 8 August 2018 restraining all proceedings and actions brought against the Company.

The proposed regularization plan is expected to be completed by fourth Quarter of 2019.

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 year ended 30 June 2018.

5. Income Tax Expense

	Individual Period			Cumulative Period		
	Current Year Quarter 30.6.2018 RM'000	Preceding Year Corresponding Quarter 30.6.2017 RM'000	Changes %	Current Year To Date 30.6.2018 RM'000	Preceding Year Corresponding Period 30.6.2017 RM'000	Changes %
Based on result for the year						
- Current year provision	(103)	(181)	43	(563)	(510)	(10)
- Under provision for taxation in prior year	(5)	-	(100)	27	-	100
	(108)	(181)	40	(536)	(510)	(5)

The effective tax rate for the current quarter and financial year ended 30 June 2018 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

Save as disclosed below, there were no corporate proposals announced but not completed as at the reporting date.

A) On 18 May 2018, Perisai Petroleum Teknologi Bhd. ("PPTB" or "the Company") made a requisite announcement pursuant to Paragraph 4.2(a) of PN17 the proposed regularisation plan comprising the following proposals:

- (i) Proposed share capital reduction and consolidation involving the following:
 - a. proposed reduction of the Company's share capital from RM770,888,300 to RM40,000,000 by cancelling the share capital of the Company that has been lost or is unrepresented by available assets to the extent of RM730,657,505 pursuant to Section 115(a) and 116 of the Companies Act 2016 ("2016 Act");
 - b. proposed cancellation of 400,000 treasury shares of RM230,795 in the treasury share account of the Company pursuant to Section 127 of the 2016 Act; and
 - c. proposed consolidation of PPTB shares on the basis of 2 shares into 1 new ordinary share ("New PPTB Share(s)");

("Proposed Share Capital Reduction and Consolidation").
- (ii) Proposed fund raising exercise comprising the following:

- a. proposed renounceable rights issue of up to 223,390,635 New PPTB Shares (“Rights Shares”) at an issue price of RM0.10 per Rights Share on the basis of one (1) Rights Share for every 2.9355 existing PPTB shares held by entitled shareholders of PPTB on an entitlement date to be determined later to raise up to approximately RM22.34 million (“Proposed Rights Issue”); and
 - b. proposed private placement of up to 85,880,000 New PPTB Shares (“Placement Shares”) at an issue price of RM0.10 in the event of undersubscription of the Proposed Rights Issue (“Proposed Private Placement”).
- (“Proposed Fund Raising Exercise”).
- (iii) Proposed restructuring of PPTB’s liabilities and the debt obligations of PPTB’s Subsidiaries (as defined herein) (“Proposed Debt Settlement”) via the following:
- a. proposed scheme of arrangement pursuant to Section 366 of the 2016 Act for the settlement of PPTB’s unsecured financial institution lenders, and its subsidiaries’ lenders and the Noteholders to which PPTB has extended a corporate guarantee, but excluding amounts due by PPTB to its subsidiaries or associate companies (“the Inter-Co Creditors”) (“the Scheme Creditors”) via the following:
 - aa. proposed issuance of up to RM64,410,000 in New PPTB Shares at an issue price of RM0.10 per PPTB Share to the Scheme Creditors (“Proposed Share Issuance”);
 - bb. proposed settlements to the Scheme Creditors, which are principal debts owed by Perisai Capital (L) Inc (“Perisai Capital”), Garuda Energy (L) Inc (“Garuda Energy”) and Intan Offshore (L) Ltd (“Intan Offshore”), under the Proposed Bilateral Settlements; and
 - cc. if there is any balance remaining after the settlement in (aa) and (bb) above, the proposed issuance of up to RM68,777,692 in nominal value of Redeemable Convertible Unsecured Loan Stock in PPTB (“RCULS”) at an issue price of RM0.10 per RCULS;
- (collectively, “the Proposed PPTB Scheme of Arrangement”)
- b. Proposed settlement of the financial institution lenders, the Noteholders and unsecured creditors of certain identified subsidiaries (“Proposed Settlement of Subsidiaries’ Creditors”) via bilateral debt settlement agreements between:
 - aa. PPTB and Perisai Capital, Garuda Energy and Intan Offshore (collectively, “Inter-Co Creditors”) (“Proposed Bilateral Settlements for PPTB Inter-Cos”) involving the proposed issuance of RCULS of up to RM64,410,000 in nominal value of RCULS at an issue price of RM0.10 per RCULS and proposed issuance of irredeemable convertible unsecured loan stocks in PPTB (“ICULS”) of RM600,861,888 in nominal value of ICULS at an issue price of RM0.10 per ICULS; and
 - bb. subsidiaries and joint venture of PPTB, namely, Garuda Energy, Intan Offshore, Perisai Pacific 101 (L) Inc (“Perisai Pacific”) and Emas Victoria (L) Bhd (“EVLB”) (collectively, “Operating Subsidiaries”) and their respective financial institution lenders (“Operating Subsidiaries’ Lenders”) involving the settlement of the amounts due to the Operating Subsidiaries’ Lenders via inter alia the set-off of charged assets, set-off against the balances in the debt service reserve account and revenue account, restructuring of debts into term loans (under the terms set out below), and the distribution of RCULS and ICULS received under the Proposed Bilateral Settlements (“Proposed Bilateral Settlement for Operating Subsidiaries’ Lenders”).
- (collectively, “Proposed Bilateral Settlements”);

- (iv) Proposed issuance of up to RM133,187,692 in nominal value of RCULS at an issue price of RM0.10 per RCULS for the settlement of creditors under the following (“Proposed RCULS Issue”):
 - a. RM64,410,000 in nominal value of RCULS pursuant to the proposed settlement to inter-co creditors under the Proposed Bilateral Settlements for PPTB Inter-cos; and
 - b. Up to RM68,777,692 in nominal value of RCULS pursuant to the proposed settlement to PPTB Scheme Creditors under the Proposed PPTB Scheme of Arrangement;
- (v) Proposed issuance of up to RM600,861,888 in nominal value of ICULS at an issue price of RM0.10 per ICULS pursuant to the Proposed Bilateral Settlements for PPTB Inter-Cos (“Proposed ICULS Issue”); and
- (vi) Proposed liquidation of Garuda Energy, Intan Offshore and Perisai Capital upon completion of their respective Proposed Bilateral Settlements (“Proposed Liquidation of Subsidiaries”).

(items (i) to (vi) shall collectively be referred to as the “Proposed Regularisation Plan”).

to regularise its financial condition.

The Proposed Regularisation Plan is subject to the following approvals being obtained from the following parties:-

- (i) the order of the Court pursuant to Sections 115(a) and 116 of the 2016 Act for the Proposed Capital Reduction;
- (ii) Bursa Malaysia Securities Berhad, for:
 - (a) the Proposed Regularisation Plan;
 - (b) listing and quotation for the Rights Shares to be issued pursuant to the Proposed Rights Issue;
 - (c) listing and quotation of the Settlement Shares pursuant to the Proposed Share Issuance;
 - (d) listing of and quotation for the RCULS and ICULS to be issued pursuant to the Proposed RCULS Issue and the Proposed ICULS Issue; and
 - (e) listing of and quotation for the new PPTB Shares to be issued pursuant to the conversion of the RCULS and ICULS;
- (iii) the Securities Commission Malaysia, for the Proposed RCULS Issue and the Proposed ICULS Issue;
- (iv) Bank Negara Malaysia, for the issuance of RCULS and ICULS to non-resident shareholders pursuant to the Proposed RCULS Issue and Proposed ICULS Issue;
- (v) shareholders of PPTB for the Proposed Regularisation Plan at the forthcoming Extraordinary General Meeting of the Company to be convened;
- (vi) the approval of the Proposed Debt Settlement by the requisite majority of PPTB Scheme Creditors at the Scheme Creditor meetings to be convened pursuant to an order of the Court and if duly approved by the Scheme Creditors, the approval of the Court;
- (vii) the approval of the Operating Subsidiaries and the Operating Subsidiaries’ Lenders under the Proposed Bilateral Settlements; and
- (viii) any other relevant authorities / parties, if required.

On 1 August 2018, the company announced that the application in relation to the Proposed Regularisation Plan has been submitted to Bursa Securities for approval on 1 August 2018.

The Proposed Regularisation Plan is expected to be completed by the 4th Quarter of 2019.

- B) On 23 December 2016, the Company had entered into a Settlement Agreement with EMAS Offshore Limited (“EOL”) (“Proposed Settlement Agreement”) to achieve a full and final settlement of the disputes, differences, claims, and counterclaims against each other arising from or in connection with the Share Sale Agreement Dated 23 December 2013 (“SSA”) and Put Option.

On 21 April 2017, Perisai and EOL have mutually agreed to extend first of their 4 Long Stop extension periods to 23 May 2017.

On 24 May 2017, Perisai and EOL have mutually agreed to extend the Long Stop Period to 23 June 2017.

On 17 August 2017, it was announced that Perisai had on 14 August 2017 requested for a confirmation from EOL on the status of the Conditions Precedents to be fulfilled by EOL. EOL had on 15 August 2017 confirmed that EOL has not received any representation from OCBC which would allow EOL to conclude whether or not the Conditions Precedents would be satisfied. EOL further confirmed that the Long Stop Period be extended only up to 23 July 2017. As the Long Stop Period has since lapsed, the Proposed Settlement Agreement became ineffective.

Pursuant to the terms of the Proposed Settlement Agreement and the lapse of the Proposed Settlement Agreement, the put option granted by EOL to Perisai pursuant to the SSA is revived accordingly. This gives Perisai the right to sell its 51% equity interest in SJR Marine to EOL. Perisai had earlier served the Put Option notice to EOL on 8 December 2016. Following the lapsing of the Proposed Settlement Agreement, Perisai is pursuing to complete the Put Option, which shall take place 30 days from 17 August 2017 in accordance with the terms of the Put Option notice served on EOL earlier.

Based on the above, the Proposed Settlement Agreement detailed in the announcement on 23 December 2016 has been aborted.

On 27 September 2017, EOL had written to Perisai stating that due to the lapse of the Settlement Agreement, Perisai is required to comply with the Shareholders’ Agreement dated 26 December 2013, which was terminated by EOL’s notice dated 8 December 2016 (“Termination Notice”), and Perisai is obliged to complete the sale of the 51% shares in SJR Marine to EOL at the stated price of USD1.00.

EOL claims that it had effected payment of USD1.00 to Perisai and is awaiting for Perisai’s completion documents to be delivered to them.

Perisai had already disputed the Termination Notice by its letter to EOL dated 8 December 2016 and maintains that the alleged termination is invalid and ineffective.

The Company will make such further announcement on the development on the above matter as and when necessary.

Although strictly in accordance with the accounting standards SJR Marine remains to be recognised as a joint venture of PPTB, PPTB maintains that in exercising the Put Option, SJR Marine’s shares have been properly delivered to PPTB’s legal counsel.

On 15 January 2018, Perisai Production Holdings Sdn Bhd (“PPHSB”), a wholly-owned subsidiary of Perisai has written to the Company Secretary of EMAS Victoria (L) Bhd (“EVLB”) to serve a notice that a termination event (details of which are as set out in the ensuing paragraph) has occurred enabling PPHSB to terminate the Shareholders’ Agreement dated 21 August 2013 between PPHSB, EMAS Offshore Limited (“EOL”) and EVLB (“EVLB SHA”).

EOL has released two (2) public announcements dated 31 August 2017, which stated as follows:

- EOL entered into a binding term sheet with certain potential investors as part of the financial restructuring of EOL and its subsidiaries (“the Group”)
- In connection with the restructuring, EOL voluntarily applied to the High Court under Section 211B(1) of the Companies Act (Cap. 50)
- EOL intends to undertake the restructuring to substantially deleverage the Group’s balance sheet and strengthen its working capital position to enable its business to continue as a going concern

EOL’s ongoing efforts to restructure its debts coupled with EOL’s application in OS997/2017 under Section 211B(1) of the Companies Act (Cap. 50) show that EOL has resolved to enter into a scheme of arrangement or compromise for the benefit of its creditors or any class of them. This amounted to an event of default under clause 14.1(c) of the EVLB SHA.

In light of the default, pursuant to PPHSB’s rights under Clause 14 of the EVLB SHA, PPHSB required EOL to sell 37,333,604 ordinary shares held by EOL in EVLB to PPHSB on the 30th day from the date of the termination notice at 10.00 a.m. on 14 February 2018 (Malaysia time) at the price of USD1.00, which completion shall take place at the registered office of EVLB.

On 29 January 2018, PPHSB has received two (2) notices from EOL both dated 29 January 2018.

By the first notice, EOL denies having committed any event of default under Clause 14.1(c) of the EVLB SHA, as alleged or at all and in the premises, EOL asserted that it remains as a shareholder in EVLB. The termination by PPHSB of the EVLB SHA is therefore disputed by EOL.

By the second notice, EOL requires the Company Secretary of EVLB to appoint a Valuer to procure the Valuation Price for the Default Shares as the Option Price of USD1 is also disputed by EOL.

The Company Secretary of EVLB had on the same day acknowledged receipt of the notices and confirmed that a Valuer will be appointed accordingly for such purpose.

On 4 July 2018, Perisai serves a Notice of Assignment to EOL in relation to the Assigned Rights (as defined herein below):-

- i) By a Deed of Assignment dated 2 February 2018 made by Perisai in favour of PPHSB, Perisai has assigned to PPHSB the proceeds of the Put Option (equivalent to the sum of USD43,031,406.55) and the rights and entitlement to claim for such proceeds which are now owing and due from EOL to Perisai pursuant to Perisai’s exercise of the right to sell of Perisai’s remaining equity interest in SJR Marine (L) Ltd (“SJR Marine”), representing 51% of the equity interest in SJR Marine, vide Perisai’s Put Option Notice dated 8 December 2016 (“Put Option”) (“Assigned Rights”).
- ii) that EOL is irrevocably authorised and instructed to pay to PPHSB all sums which are due to pay by EOL to Perisai pursuant to exercise of the Put Option.

7. Borrowings And Debt Securities

The Group's borrowings and debt securities as at 30 June 2018 are as follows:

	As at 4th quarter ended 30.6. 2018					
	Long-term		Short-term		Total borrowings	
	Foreign denomination ('000)	RM'000	Foreign denomination ('000)	RM'000	Foreign denomination ('000)	RM'000
<u>Secured</u>						
Term loan	-	-	USD198,494	801,420	USD198,494	801,420
Amount owing under revolving credit	-	-	RM12,018	12,018	RM12,018	12,018
Revolving credit	-	-	USD10,000	40,375	USD10,000	40,375
Overdraft	-	-	RM5,371	5,371	RM5,371	5,371
<u>Unsecured</u>						
MTN	-	-	SGD125,000	370,312	SGD125,000	370,312
Total	-	-		1,229,496		1,229,496

	As at 4th quarter ended 30.6.2017					
	Long-term		Short-term		Total borrowings	
	Foreign denomination ('000)	RM'000	Foreign denomination ('000)	RM'000	Foreign denomination ('000)	RM'000
<u>Secured</u>						
Term loan	-	-	USD202,500	869,535	USD202,500	869,535
Amount owing under revolving credit	-	-	RM10,778	10,778	RM10,778	10,778
Revolving credit	-	-	USD10,000	42,940	USD10,000	42,940
Overdraft	-	-	RM4,766	4,766	RM4,766	4,766
Hire purchase	-	-	RM95	95	RM95	95
<u>Unsecured</u>						
MTN	-	-	SGD125,000	389,850	SGD125,000	389,850
Total	-	-		1,317,964		1,317,964

8. Changes In Material Litigation

(i) WINDING-UP PETITION UNDER SECTION 218 OF THE COMPANIES ACT, 1965

On 15 May 2017, a Winding-Up Petition pursuant to Section 218 of the Companies Act, 1965 together with a copy of the Affidavit Verifying Petition ("the said Winding-Up Petition") has been served on Perisai Pacific 102 (L) Inc ("Perisai Pacific"), a subsidiary of Perisai Drilling Holdings Sdn Bhd (a wholly-owned subsidiary of Perisai Petroleum Teknologi Bhd) by Messrs Yeoh & Joanne, the Solicitors who act on behalf of Tech Offshore Marine (S) Pte Ltd ("Tech Offshore") demanding for the payment of the total outstanding sum owing by Perisai Pacific to Tech Offshore amounting to USD178,636.00.

The Winding-Up Petition was presented to the High Court of Sabah and Sarawak in the Federal Territory of Labuan and the hearing is fixed on 4 September 2017.

The Company did not defend these proceedings and did not contest the winding-up proceedings.

On 11 October 2017, the Honourable Court granted an order as follows:-

- a) That Perisai Pacific 102 (L) Inc. be wound up by the Court under the provisions of the Companies Act, 2016;
- b) That the Director General of Insolvency be appointed as the Liquidator of Perisai Pacific 102 (L) Inc.; and
- c) That the costs of and incidental to this Petition be paid out of the assets of Perisai Pacific 102 (L) Inc.;

The effective date for the winding up and liquidation process commenced on 11 October 2017 and reflected accordingly in the financial results.

(ii) NOTICE OF DEMAND/ WRIT SUMMONS NO. TA-22NCC-02-10/2017

On 22 August 2017, Perisai Drilling Sdn Bhd (“PDSB”), the sub-subsidiary of Perisai had been served with a Notice of Demand (“Notice”) from Skrine acting on behalf of Konsortium Pelabuhan Kemaman Sdn Bhd (“KPKSB”), Pangkalan Bekalan Kemaman Sdn Bhd (“PBKSB”) and EPIC Mushtari Engineering Sdn Bhd (“EPIC”) (Collectively the “Claimants”) demanded for the sum of RM13,682,059.93 due and owing to the Claimants.

The claim originated from the letter of offer dated 1 August 2016 (“Letter of Offer”) in which EPIC agreed to offer PDSB its facilities including but not limited to providing berthing space for its rig namely, Perisai Pacific 101 (“Rig”) within the Kemaman Port. The Notice alleges that as a result of PDSB’s failure to moor the Rig on 5 September 2016, the Rig broke free of the moorings, drifted off and came into contact with a mobile offshore unit, namely Naga 4 and subsequently, the Rig continued drifting and collided with Berth 6 and 7 respectively, which are owned by PBKSB. The Notice further alleges that as a result of the collision, the finger jetty, Berth 6 and 7 and quay wall/wharf of Pangkalan Bekalan Kemaman were damaged.

The Notice alleges that due to the breach of PDSB’s contractual obligations to moor the Rig under the Letter of Offer, the Claimants had suffered losses and damages in the sum of RM13,682,059.93 as at 4 August 2017. The Claimants also reserve their rights to claim for loss of revenue suffered after 4 August 2017.

The Notice will not have any financial or operational impact on the Group and the Company will seek legal advice on the above matter. The Company had duly notified its insurer regarding the claim. The Company’s insurer had informed via email dated 24 August 2017 that they had engaged legal counsel to provide necessary advice.

Following the Notice of Demand as mentioned above, Perisai Drilling Sdn Bhd, the sub-subsidiary of the Perisai had on 13 October 2017 been served with a Writ of Summons and Statement of Claim dated 9 October 2017 from Skrine acting on behalf of the Plaintiffs demanded for the sum of RM13,682,059.93 due and owing to the Plaintiffs.

The circumstances leading to the filing of the Writ of Summons and Statement of Claim against Defendant, alleging a sum of RM13,682,059.93 being the Defendant had failed to use reasonable care and skill to ensure mooring of the Perisai Pacific 101 (“Rig”) within the Kemaman Port.

The Group is not expected to incur any further loss arising from the Writ of Summons and Statement of Claim.

The writ of Summons and Statement of Claim will not have any financial or operational impact on the Group and the Company will seek the necessary legal advice on the above matter. The Company had duly notified its insurer regarding the claim.

The Company’s insurer had duly appointed solicitors to defend the legal action.

Further announcements on any material development on the above will be made to Bursa Malaysia Securities Berhad in due course.

(iii) LETTER OF DEMAND

On 21 November 2017 Alpha Perisai Sdn Bhd (“APSB”), a wholly-owned subsidiary of the Company had been served with a Letter of Demand dated 20 November 2017 from Shaikh David & Co., acting on behalf of Teknik Janakuasa Sdn Bhd (“**the Landlord**”) demanded for the rental arrears and rental for unexpired term amounting to RM2,754,753.84 due and owing to the Landlord pursuant to the tenancy agreement dated 27 May 2013 (“**Tenancy Agreement**”) entered into between APSB and the Landlord in respect of the premises known as Level 13A, Block 3B, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur (“**Demised Premises**”). APSB is required to pay the total sum of RM2,754,753.84 together with interest within 7 days from the date of the Letter of Demand.

Details of the rental arrears and rental for unexpired term are as follows:-

Rental arrears from June 2016 to June 2017 at RM76,520.94 per month	RM 994,772.22
Rental for unexpired term from July 2017 to May 2019 (expiry of tenancy term) at RM76,520.94 per month	RM1,759,981.62
Total	RM2,754,753.84

The rental arrears related to a tenancy of the Demised Premises for a period of 3 years commencing 15 April 2013. The tenancy was further renewed pursuant to a renewal letter dated 19 February 2016 (“**Renewal**”). The Renewal commenced on 16 April 2016 and will expire on 15 May 2019. The rental rate and parking fees per month is RM76,520.94 pursuant to the Tenancy Agreement. Prior to the expiry of the Tenancy Agreement, APSB had unilaterally vacated the Demised Premises and the Demised Premises was purportedly surrendered to the Landlord after a joint inspection on 6 July 2017. As at June 2017, 13 months of rental was outstanding excluding interest prescribed under the Tenancy Agreement.

The said Letter of Demand alleges that APSB’s failure to pay the rental arrears and purported termination of the tenancy period under the Tenancy Agreement amounts to a breach of the Tenancy Agreement. In addition to the rental arrears prior to vacant possession of the Demised Premises, APSB remains liable for the unexpired terms for the Demised Premises as well as the reinstatement cost for the Demised Premises.

The security deposit paid under the terms of the Tenancy Agreement will be set-off and utilised for costs incurred to reinstate the Demised Premises as required under the terms of the Tenancy Agreement.

APSB is exposed to the above rental arrears and reinstatement cost as stated above.

The Letter of Demand will not have any financial or operational impact on the Group and the Company will seek legal advice on the above matter.

APSB has been served with a Writ and Statement of Claim dated 13 December 2017 from Messrs Shaikh David & Co acting on behalf of the Plaintiff.

The Company will defend the claim, especially in respect of the rental for the unexpired term until 15 May 2019 as the Plaintiff has the duty to mitigate its losses by securing a new tenant for the Demised Premises. On 13 March 2018, the Court has fixed the trial for hearing on 6 August 2018 to 8 August 2018 and the next Case Management date is fixed on 23 July 2018.

On 13 March 2018, the Court dismissed the Plaintiff’s Application for Summary Judgement with a cost of RM3,000.00 to be paid to the Defendant.

On 22 March 2018, Messrs Shaikh David & Co, on behalf of the Plaintiff, filed a Notice of Appeal to the High Court against the decision on 13 March 2018 made by the Session Court on the dismissal of the Plaintiff's Application for Summary Judgement. The Court has fixed a Case Management date on 3 May 2018.

The matter was fixed for further Case Management on 30 May 2018 pending grounds of judgement from the Session Court Judge.

On 30 May 2018, the Defendant was served with the grounds of judgement by the Plaintiff and the High Court has fixed the hearing date for the Plaintiff's appeal on 12 July 2018.

On 24 July 2018, APSB has received from Messrs Shaikh David & Co., the Advocates and Solicitors acting on behalf of the Plaintiff, a Notice of Application by the Plaintiff for the suspension of trial proceedings until the termination of the Appeal Judgment ("the Appeal") in the High Court.

In view of the Appeal in the High Court, the Sessions Court vacated the trial dates to 6th - 10th of August 2018 and a Case Management would be fixed on 15 August 2018.

On 15 August 2018, the Sessions Court has fixed a Case Management on 4 September 2018 at 10.30a.m. for an update of the application by the Plaintiff for the stay of trial proceedings until the High Court has given its decision on the Appeal on 4 September 2018.

Further announcement on any material development on the above will be made to Bursa Malaysia Securities Berhad in due course.

9. Dividends Payable

There was no dividend declared for the financial year ended 30 June 2018.

10. Earnings Per Share ("EPS")

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

(a) Basic Earnings/(Loss) Per Share

	Individual Period		Cumulative Period	
	Current Year Quarter 30.6.2018 RM'000	Preceding Year Corresponding Quarter 30.6.2017 RM'000	Current Year To Date 30.6.2018 RM'000	Preceding Year Corresponding Period 30.6.2017 RM'000
Profit/(Loss) from continuing operations	(210,519)	(205,354)	(456,436)	(553,703)
Profit/(Loss) attributable to owners of the Company	(210,519)	(205,354)	(456,436)	(553,703)
Weighted average number of ordinary shares in issue ('000)	1,260,472	1,260,472	1,260,472	1,253,327
Basic earnings/(loss) per share (sen)	(16.70)	(16.29)	(36.21)	(44.18)

The diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as the assumed potential new ordinary shares are anti-dilutive.

11. Auditors' Report On Preceding Annual Financial Statements

The auditor draws attention to the material uncertainty related to going concern which related to the Group and the Company incurred net losses of RM606,952,555 and RM308,616,663 respectively and as at that date, the Group and the Company had net current liabilities of RM1,340,931,550 and RM729,539,587 respectively. Furthermore, in October 2016, the Company and its wholly-owned subsidiary, Perisai Capital (L) Inc ("PCLI") received a notice from the Trustee of the Medium Term Notes ("MTN") that an event of default for payment of principal and interest of the MTN had occurred as PCLI failed to pay the principal and interest due on 3 October 2016. Consequently, this gave rise to a cross default of the financing facilities with all other lenders of the Group and of the Company, including the joint ventures. The auditors' report on the financial statements for the financial period ended 30 June 2017 was unmodified on this matter.

The Group is in the midst of formalising a restructuring and regularisation plan with its consultants to address its net current liabilities positions and PN17 status, pursuing all avenues available to recover the receivables, the right of indemnity of the Company as the corporate guarantor against the borrower/principal debtor is specifically stated under Section 98 of the Contract Acts 1950 and seeking legal advice pertaining to the exercise of the put option, proposed settlement agreement and other events relating to the put option.

12. Notes to Condensed Consolidated Statements of Comprehensive Income

	Current Year Quarter 30.6.2018 RM'000	Current Year To Date 30.6.2018 RM'000
Profit/(loss) before tax is arriving at after charging/(crediting):		
Interest income	(102)	(338)
Other income	(156)	(663)
Interest expenses	21,002	78,387
Depreciation and amortisation	9,292	54,240
Restructuring cost	1,676	3,743
Provision for impairment on plant and equipment	67,955	276,649
Provision for impairment on trade receivables	(3,544)	9,496
Provision for impairment on amount due from joint ventures	55,816	55,816
Provision for impairment on other receivables	1,106	1,106
Bad debt recover	(132)	(513)
Plant and equipment written off	70	70
Surplus on liquidation	19,630	(60,170)
Realised foreign exchange (gain)/loss	1,627	(4,446)
Unrealised foreign exchange (gain)/loss	(16,625)	7,538

13. Financial Instruments

As at 30 June 2018, the Group did not have any outstanding derivative financial instrument. There have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial period. Also, there have been no changes to the Group's risk management objectives, policies and processes since the end of the last financial year.

14. Material Impairment of Assets

Save as disclosed in Note A 1 under Segmental Analysis production unit on provision for impairment of Rubicone of RM206.45million (Jun 2017: RM21.11million), PP101 of RM57.18million (Jun 2017: RM117.67million), Marine Vessels of RM13.02million (Jun 2017: RM47.55million) in the current quarter ended 30 June 2018, there was no material impairment of assets during the current quarter and financial year under review.

15. Trade Receivables

	As at 30.6.2018 RM'000
Trade receivables	
- Billed	140,990
- Unbilled	4,515
	145,505
Less: Allowance for impairment	(116,863)
	28,642

The ageing analysis of the Group's trade receivables as at 30 June 2018 is as follows:

	As at 30.6.2018 RM'000
Neither past due nor impaired	18,220
1 to 30 days past due nor impaired	795
31 to 60 days past due nor impaired	1,074
61 to 90 days past due nor impaired	311
91 to 120 days past due nor impaired	345
More than 120 days past due nor impaired	7,897
Impaired	116,863
	145,505

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulty and have defaulted on payment. These receivables are not secured by any collateral or credit enhancements. The Company is in communication with the charterers with regards to the payment of the outstanding amounts. In the event such dialogue does not result in a recovery solution acceptable to the company, all available recourse to recovery of the same shall be undertaken, including litigation.

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 28 August 2018.

By Order of the Board
Perisai Petroleum Teknologi Bhd

Tai Yit Chan (MAICSA 7009143)
Tan Ai Ning (MAICSA No: 7015852)
Company Secretaries