

Company No.: 632811-X

PERISAI PETROLEUM TEKNOLOGI BHD.
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2015**

PERISAI PETROLEUM TEKNOLOGI BHD.
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2015**

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PERISAI PETROLEUM TEKNOLOGI BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby present their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management, administrative and financial support services to the subsidiaries. The principal activities of the subsidiaries, associates and joint ventures are set out in Notes 14, 15, and 16 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Loss for the financial year	<u>(688,985,357)</u>	<u>(619,778,641)</u>
(Loss)/Profit attributable to:		
Owners of the Company	(706,318,202)	(619,778,641)
Non-controlling interests	<u>17,332,845</u>	<u>-</u>
	<u>(688,985,357)</u>	<u>(619,778,641)</u>

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those as shown in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that there are no known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading other than those as disclosed in the financial statements.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:-

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the impairment losses as disclosed in Note 6 to the financial statements; and
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report was made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 5,482,000 and 6,000,000 new ordinary shares of RM0.10 each for cash at an issue price of RM0.27369 and RM0.25000 per ordinary share respectively through exercise of call option pursuant to the Company's private placement.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

The Company did not issue any debentures during the financial year.

TREASURY SHARES

As at 31 December 2015, the Company held as treasury shares a total of 400,000 ordinary shares of its 1,204,606,978 issued ordinary shares. Such treasury shares are held at a carrying amount of RM230,795 and further relevant details are disclosed in Note 20(c) to the financial statements.

DIRECTORS

The directors in office since the date of the last report are:

DATO' ANWARRUDIN AHAMAD OSMAN
DATUK ZAINOL IZZET BIN MOHAMED ISHAK
ADARASH KUMAR A/L CHRANJI LAL AMARNATH
DATO' YOGESVARAN A/L T. ARIANAYAGAM
DATO' DR. MOHAMED ARIFFIN BIN HJ. ATON
CHAN FEOI CHUN
D.Y.A.M. RAJA PUAN MUDA PERAK
DATO' SERI DIRAJA TUNKU SORAYA BINTI TUANKU ABDUL HALIM

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

(a) Shareholdings in the Company

	Number of ordinary shares of RM0.10 each			
	At 1.1.2015	Exercise of ESOS/ Bought	Sold	At 31.12.2015
Direct interest				
Dato' Yogesvaran A/L T. Arianayagam	3,006,207	-	-	3,006,207
Datuk Zainol Izzet Bin Mohamed Ishak	66,000,000	-	-	66,000,000
Chan Feoi Chun	500,000	-	-	500,000
Dato' Dr. Mohamed Ariffin Bin Hj. Aton	85,000	-	-	85,000

(b) Shareholdings in the subsidiaries - Perisai Offshore Sdn. Bhd.

	Number of ordinary shares of RM1 each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
Direct interest				
Datuk Zainol Izzet Bin Mohamed Ishak	49,000	-	-	49,000

- Larizz Energy Services Sdn. Bhd.

	Number of ordinary shares of RM1 each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
Direct interest				
Datuk Zainol Izzet Bin Mohamed Ishak	60,000	-	-	60,000

DIRECTORS' INTERESTS (cont'd)

(c) Employees' Share Option Scheme ("ESOS")

Name	Number of options			Balance as at 31.12.2015
	Balance as at 1.1.2015	Granted	Exercised	
D.Y.A.M. Raja Puan Muda Perak Dato' Seri DiRaja Tunku Soraya Binti Tuanku Abdul Halim	1,200,000	900,000	-	2,100,000
Dato' Dr. Mohamed Ariffin Bin Hj. Aton	800,000	840,000	-	1,640,000
Dato' Yogesvaran A/L T. Arianayagam	1,500,000	840,000	-	2,340,000
Chan Feoi Chun	600,000	840,000	-	1,440,000
Datuk Zainol Izzet Bin Mohamed Ishak	7,000,000	4,200,000	-	11,200,000
Adarash Kumar A/L Chranji Lal Amarnath	6,000,000	3,570,000	-	9,570,000
Dato' Anwarrudin Ahamad Osman	1,200,000	1,140,000	-	2,340,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of the emoluments received or due and receivable by the directors as disclosed in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any deemed benefits which may arise from transactions entered into in the ordinary course of business as disclosed in Note 34 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than those arising from the share options granted under the ESOS.

OPTIONS GRANTED UNDER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year other than from the call option granted to Macquarie Bank Limited and the issue of options pursuant to the ESOS.

Call Option

The Company has on 24 November 2015 entered into a call option agreement ("Agreement") with Macquarie Bank Limited ("Macquarie" or the "Investor") pursuant to which Macquarie was granted the rights to exercise and be issued with up to 119,000,000 new ordinary shares of RM0.10 each in the Company. The main features of the call option are as follows:-

- The call option granted may be exercised any time within the option period from the date of the Agreement and ending on the date which is eighteen (18) months after the call option closing date, being the date on which the conditions precedent to the granting of the call option were satisfied or waived; and
- The exercise price of the call option shall be an amount equal to 90% of the volume weighted average market price of the Company's existing ordinary shares as traded on Bursa Malaysia Securities Berhad during the five (5) consecutive market days immediately preceding the date on which the Company receives the relevant exercise notice from the Investor, with exercise price not less than RM0.25 per ordinary share.

The movements in the call option during the financial year is as follows:

	Number of options ('000)		
	At 1.1.2015	Granted	At 31.12.2015
Number of options	-	119,000	(11,482) 107,518

Employees' Share Option Scheme ("ESOS")

At an Extraordinary General Meeting held on 27 June 2012, shareholders of the Company approved the ESOS for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible senior executives and employees respectively.

The committee administering the ESOS comprises seven directors, Dato' Anwarudin Ahamad Osman, Datuk Zainol Izzet Bin Mohamed Ishak, Adarash Kumar A/L Chranji Lal Amarnath, Dato' Yogesvaran A/L T. Arianayagam, Dato' Dr. Mohamed Ariffin Bin Hj. Aton, Chan Feoi Chun and D.Y.A.M. Raja Puan Muda Perak Dato' Seri DiRaja Tunku Soraya Binti Tuanku Abdul Halim.

The salient features and other terms of the ESOS and movements of share option during the financial year are disclosed in Note 30 to the financial statements.

The Company had on 17 June 2015 granted 33,383,050 share options under the ESOS to eligible directors and employees of the Group. The options granted expire on 1 July 2022.

Details of options to subscribe for ordinary shares of the Company pursuant to the ESOS granted during the financial year are as follows:

<u>Expiry date</u>	<u>Exercise price (RM)</u>	<u>Number of options</u>
1 July 2022	0.400	33,383,050

OPTIONS GRANTED UNDER UNISSUED SHARES (cont'd)

Employees' Share Option Scheme ("ESOS") (cont'd)

The Company has been granted relief pursuant to Section 169A(1) of the Companies Act, 1965 by the Companies Commission of Malaysia via a letter dated 24 November 2015 from having to disclose in this report the names of option holders who have been granted options to subscribe in aggregate for less than 900,000 unissued ordinary shares of RM0.10 each.

The names of option holders granted options to subscribe for 900,000 or more ordinary shares of RM0.10 each during the financial year are as follows:

Name	Exercise price (RM)	Grant date	Expiry date	Number of options	
				Granted	Exercised
Dato' Anwarrudin Ahamad Osman	0.400	17.6.2015	1.7.2022	1,140,000	-
Datuk Zainol Izzet Bin Mohamed Ishak	0.400	17.6.2015	1.7.2022	4,200,000	-
Adarash Kumar A/L Chranji					
Lal Amarnath	0.400	17.6.2015	1.7.2022	3,570,000	-
D.Y.A.M. Raja Puan Muda Perak					
Dato' Seri DiRaja Tunku Soraya					
Binti Tuanku Abdul Halim	0.400	17.6.2015	1.7.2022	900,000	-
Beramkhan Bin Tambikhan	0.400	17.6.2015	1.7.2022	3,150,000	-
Yeo Peck Chin	0.400	17.6.2015	1.7.2022	2,100,000	-
Finton Tuan Kit Ming	0.400	17.6.2015	1.7.2022	2,100,000	-
Lai Swee Sim	0.400	17.6.2015	1.7.2022	2,100,000	-
Teo Hock Choon	0.400	17.6.2015	1.7.2022	2,100,000	-
Abdulah Bin Yunus	0.400	17.6.2015	1.7.2022	2,100,000	-

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 38 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR END

Details of significant event subsequent to the financial year end are disclosed in Note 39 to the financial statements.

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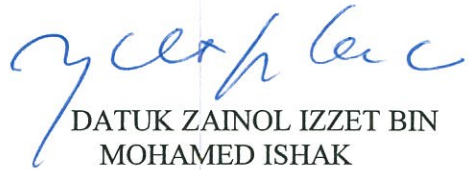
AUDITORS

The auditors, Messrs. Baker Tilly AC, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution dated 24 March 2016.



DATO' ANWARRUDIN AHAMAD
OSMAN



DATUK ZAINOL IZZET BIN
MOHAMED ISHAK

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PERISAI PETROLEUM TEKNOLOGI BHD.

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STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

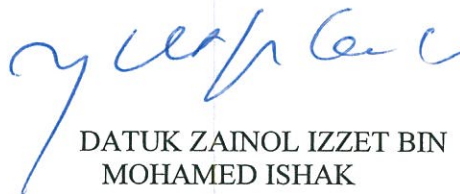
We, the undersigned, being two of the directors of the Company, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 13 to 123 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 124 has been prepared in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution dated 24 March 2016.



DATO' ANWARRUDIN AHAMAD
OSMAN



DATUK ZAINOL IZZET BIN
MOHAMED ISHAK

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Yeo Peck Chin, being the officer primarily responsible for the financial management of Perisai Petroleum Teknologi Bhd., do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements as set out on pages 13 to 123 and the supplementary information as set out on page 124 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at
Kuala Lumpur in the Federal Territory
on 24 March 2016

Before me



16TH FLOOR, WISMA SIME DARBY
JALAN RAJA LAUT, 50350 KUALA LUMPUR



YEO PECK CHIN



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PERISAI PETROLEUM TEKNOLOGI BHD.**
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Perisai Petroleum Teknologi Bhd., which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 13 to 123.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PERISAI PETROLEUM TEKNOLOGI BHD. (cont'd)**
(Incorporated in Malaysia)

Emphasis of Matters

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which discloses the premise upon which the Group and the Company have prepared their financial statements by applying the going concern assumption, notwithstanding that the Group and the Company incurred net loss of RM688,985,357 and RM619,778,641 respectively during the financial year ended 31 December 2015 and as at that date, the Group and the Company had net current liabilities of RM451,508,925 and RM571,847,216 respectively, thereby indicating the existence of a material uncertainty on the Group's and the Company's ability to continue as going concerns. The ability of the Group and the Company to continue as going concerns is dependent on sufficient cash flows generated from the successful implementation of the measures as disclosed in Note 2 to the financial statements.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.
- (b) We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PERISAI PETROLEUM TEKNOLOGI BHD. (cont'd)**
(Incorporated in Malaysia)

Other Reporting Responsibilities

The supplementary information set out on page 124 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.



BAKER TILLY AC
AF 001826
Chartered Accountants

Kuala Lumpur
24 March 2016



LEE KONG WENG
2967/07/17 (J)
Chartered Accountant

PERISAI PETROLEUM TEKNOLOGI BHD.
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

		Group		Company	
	Note	2015	2014	2015	2014
		RM	RM	RM	RM
Revenue	4	214,783,791	122,132,918	7,463,848	7,251,123
Direct costs	5	(172,193,918)	(94,656,514)	-	-
Gross profit		42,589,873	27,476,404	7,463,848	7,251,123
Other income		13,765,854	8,360,909	75,062,920	31,230,982
Administrative expenses		(32,246,309)	(28,434,651)	(22,117,305)	(23,989,109)
Other expenses		(690,354,790)	(1,804,343)	(648,700,805)	(18,626)
		<u>(722,601,099)</u>	<u>(30,238,994)</u>	<u>(670,818,110)</u>	<u>(24,007,735)</u>
(Loss)/Profit from operations	6	(666,245,372)	5,598,319	(588,291,342)	14,474,370
Finance costs	7	(47,655,599)	(24,254,403)	(31,417,822)	(14,798,595)
Share of results of associates, net of tax		3,838,075	3,938,375	-	-
Share of results of joint ventures, net of tax		<u>21,911,509</u>	<u>42,582,944</u>	<u>-</u>	<u>-</u>
(Loss)/Profit before tax		(688,151,387)	27,865,235	(619,709,164)	(324,225)
Tax (expense)/credit	10	<u>(833,970)</u>	<u>(607,110)</u>	<u>(69,477)</u>	<u>154,581</u>
(Loss)/Profit for the financial year		(688,985,357)	27,258,125	(619,778,641)	(169,644)

PERISAI PETROLEUM TEKNOLOGI BHD.
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**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)**

		Group		Company	
	Note	2015	2014	2015	2014
		RM	RM	RM	RM
Other comprehensive income/(loss):					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation differences arising during the financial year					
- subsidiaries		104,660,337	49,845,332	-	-
- joint ventures		131,440,793	35,885,971	-	-
- associates		368,514	146,564	-	-
Reclassification of foreign currency translation reserve to profit or loss on repayment of inter-company balances		(1,995,972)	3,363,477	-	-
Cash flow hedge					
- fair value changes during the financial year		4,689,781	(3,246,492)	4,689,781	(3,246,492)
- reclassification adjustments for amounts recognised in profit or loss		(6,653,623)	2,499,641	(6,653,623)	2,499,641
Other comprehensive income/(loss) for the financial year, net of tax		<u>232,509,830</u>	<u>88,494,493</u>	<u>(1,963,842)</u>	<u>(746,851)</u>
Total comprehensive (loss)/income for the financial year		<u>(456,475,527)</u>	<u>115,752,618</u>	<u>(621,742,483)</u>	<u>(916,495)</u>

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**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)**

		Group		Company	
	Note	2015	2014	2015	2014
		RM	RM	RM	RM
(Loss)/Profit attributable to:					
Owners of the Company		(706,318,202)	13,725,932	(619,778,641)	(169,644)
Non-controlling interests		17,332,845	13,532,193	-	-
		<u>(688,985,357)</u>	<u>27,258,125</u>	<u>(619,778,641)</u>	<u>(169,644)</u>
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(503,202,685)	94,523,824	(621,742,483)	(916,495)
Non-controlling interests		46,727,158	21,228,794	-	-
		<u>(456,475,527)</u>	<u>115,752,618</u>	<u>(621,742,483)</u>	<u>(916,495)</u>
(Loss)/Earnings per share attributable to owners of the Company (sen per share)					
	11				
- Basic		<u>(59.20)</u>	<u>1.18</u>		
- Diluted		<u>(59.20)</u>	<u>1.17</u>		

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

PERISAI PETROLEUM TEKNOLOGI BHD.
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

		Group		Company	
	Note	2015	2014	2015	2014
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Plant and equipment	12	1,348,104,167	1,403,239,897	729,613	711,211
Intangible asset	13	75,000	75,000	75,000	75,000
Investments in subsidiaries	14	-	-	609,155,857	620,358,124
Investments in associates	15	2,419,314	1,654,725	300,000	340,000
Investments in joint ventures	16	751,322,564	567,166,778	124,722,224	93,918,740
Prepayments	17	-	324,475,270	-	-
Other receivables	19	-	-	78,004,629	546,681,101
		<u>2,101,921,045</u>	<u>2,296,611,670</u>	<u>812,987,323</u>	<u>1,262,084,176</u>
Current assets					
Trade receivables	18	67,306,589	48,345,826	1,774,150	-
Other receivables and deposits	19	59,464,935	70,972,398	91,266,994	78,234,349
Prepayments	17	5,121,528	4,547,084	402,545	353,490
Tax recoverable		310,775	203,057	126,500	129,977
Deposits, cash and bank balances		39,655,494	94,108,149	6,192,044	67,387,176
		<u>171,859,321</u>	<u>218,176,514</u>	<u>99,762,233</u>	<u>146,104,992</u>
TOTAL ASSETS		<u><u>2,273,780,366</u></u>	<u><u>2,514,788,184</u></u>	<u><u>912,749,556</u></u>	<u><u>1,408,189,168</u></u>

PERISAI PETROLEUM TEKNOLOGI BHD.
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015 (cont'd)

		Group		Company	
	Note	2015	2014	2015	2014
		RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	20	120,460,698	119,312,498	120,460,698	119,312,498
Share premium	20	640,107,567	638,406,505	640,107,567	638,406,505
Treasury shares	20	(230,795)	(230,795)	(230,795)	(230,795)
(Accumulated losses)/					
Retained earnings	21	(406,620,309)	299,697,893	(545,190,435)	74,588,206
Other reserves	22	323,897,171	112,896,250	25,836,326	19,914,764
Equity attributable to owners of the Company		677,614,332	1,170,082,351	240,983,361	851,991,178
Non-controlling interests		167,599,534	121,633,363	-	-
Total equity		845,213,866	1,291,715,714	240,983,361	851,991,178
Non-current liabilities					
Loans and borrowings	25	794,522,433	1,022,713,289	-	-
Hire purchase payables	26	156,746	276,395	156,746	276,395
Derivative liability	27	-	4,689,781	-	4,689,781
Other payables	24	10,519,075	8,566,425	-	-
		805,198,254	1,036,245,890	156,746	4,966,176
Current liabilities					
Trade payables	23	16,861,349	15,667,137	-	-
Other payables and accruals	24	48,864,154	35,561,503	604,535,259	551,117,291
Loans and borrowings	25	546,696,067	134,973,290	56,410,519	-
Hire purchase payables	26	119,649	114,523	119,649	114,523
Derivative liability	27	10,544,022	-	10,544,022	-
Tax payable		283,005	510,127	-	-
		623,368,246	186,826,580	671,609,449	551,231,814
Total liabilities		1,428,566,500	1,223,072,470	671,766,195	556,197,990
TOTAL EQUITY AND LIABILITIES		2,273,780,366	2,514,788,184	912,749,556	1,408,189,168

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

PERISAI PETROLEUM TEKNOLOGI BHD.
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

Attributable to owners of the Company									
<-----Non-distributable-----> Distributable									
Retained earnings/									
(Accumulated loss)									
Other reserves									
Share premium									
Treasury shares									
Share capital									
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PERISAI PETROLEUM TEKNOLOGI BHD.
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)**

Attributable to owners of the Company							
<-----Non-distributable----->				Distributable			
	Share capital RM	Treasury shares RM	Share premium RM	Other reserves RM	Retained earnings/ (Accumulated loss) RM	Non-controlling interests RM	Total equity RM
Total comprehensive income for the financial year, balance brought down	-	-	-	80,797,892	13,725,932	21,228,794	115,752,618
Transactions with owners							
Share options exercised	17,700	-	199,125	(77,880)	-	-	138,945
Share options granted under ESOS	-	-	-	9,437,922	-	-	9,437,922
Share issuance pursuant to private placement	10,842,000	-	155,040,597	-	-	-	165,882,597
Share issuance expenses	-	-	(2,858,284)	-	-	-	(2,858,284)
Total transactions with owners	10,859,700	-	152,381,438	9,360,042	-	-	172,601,180
At 31 December 2014	119,312,498	(230,795)	638,406,505	112,896,250	299,697,893	121,633,363	1,291,715,714

PERISAI PETROLEUM TEKNOLOGI BHD.
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)**

	Attributable to owners of the Company					
	Non-distributable			Distributable		
Note	Share capital RM	Treasury shares RM	Share premium RM	Other reserves RM	Retained earnings/ (Accumulated loss) RM	Non-controlling interests RM
Total equity RM						
At 1 January 2015	119,312,498	(230,795)	638,406,505	112,896,250	299,697,893	121,633,363
					1,170,082,351	1,291,715,714
Comprehensive income/(loss)						
(Loss)/Profit for the financial year	-	-	-	-	(706,318,202)	17,332,845
Other comprehensive income/(loss)						
Foreign currency translation differences	-	-	-	205,079,359	-	29,394,313
Cash flow hedge	-	-	-	(1,963,842)	-	-
					205,079,359	234,473,672
					(1,963,842)	(1,963,842)
Total comprehensive income/(loss) for the financial year, balance carried down	-	-	-	203,115,517	(706,318,202)	46,727,158
					(503,202,685)	(456,475,527)

PERISAI PETROLEUM TEKNOLOGI BHD.
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)**

	Note	Attributable to owners of the Company						Non-controlling interests RM	Total equity RM
		Share capital RM	Treasury shares RM	Share premium RM	Other reserves RM	Retained earnings/ (Accumulated loss) RM	Distributable		
Total comprehensive income/(loss) for the financial year, balance brought down		-	-	-	203,115,517	(706,318,202)	(503,202,685)	46,727,158	(456,475,527)
Transactions with owners									
Share options granted under ESOS		-	-	-	7,885,404	-	7,885,404	-	7,885,404
Share issuance pursuant to private placement	20	1,148,200	-	1,852,169	-	-	3,000,369	-	3,000,369
Share issuance expenses		-	-	(151,107)	-	-	(151,107)	-	(151,107)
Dividend paid to non-controlling interest		-	-	-	-	-	-	(760,987)	(760,987)
Total transactions with owners		1,148,200	-	1,701,062	7,885,404	-	10,734,666	(760,987)	9,973,679
At 31 December 2015		120,460,698	(230,795)	640,107,567	323,897,171	(406,620,309)	677,614,332	167,599,534	845,213,866

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

PERISAI PETROLEUM TEKNOLOGI BHD.
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	Note	Share capital RM	Treasury shares RM	Share premium RM	Other reserves RM	<-----Non-distributable-----> Distributable Retained earnings/ (Accumulated loss) RM	Total equity RM
At 1 January 2014		108,452,798	(230,795)	486,025,067	11,301,573	74,757,850	680,306,493
Comprehensive loss							
Loss for the financial year		-	-	-	-	(169,644)	(169,644)
Other comprehensive loss							
Cash flow hedge		-	-	-	(746,851)	-	(746,851)
Total comprehensive loss for the financial year		-	-	-	(746,851)	(169,644)	(916,495)
Transactions with owners							
Share options exercised		17,700	-	199,125	(77,880)	-	138,945
Share options granted under ESOS		-	-	-	9,437,922	-	9,437,922
Share issuance pursuant to private placement	20	10,842,000	-	155,040,597	-	-	165,882,597
Share issuance expenses		-	-	(2,858,284)	-	-	(2,858,284)
Total transactions with owners		10,859,700	-	152,381,438	9,360,042	-	172,601,180
At 31 December 2014		119,312,498	(230,795)	638,406,505	19,914,764	74,588,206	851,991,178

PERISAI PETROLEUM TEKNOLOGI BHD.
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)**

	Note	Share capital RM	Treasury shares RM	Share premium RM	Other reserves RM	Non-distributable----->	Distributable Retained earnings/ (Accumulated losses) RM	Total equity RM
At 1 January 2015		119,312,498	(230,795)	638,406,505	19,914,764		74,588,206	851,991,178
Comprehensive loss								
Loss for the financial year		-	-	-	-	(619,778,641)	(619,778,641)	
Other comprehensive loss								
Cash flow hedge		-	-	-	(1,963,842)	-	-	(1,963,842)
Total comprehensive loss for the financial year		-	-	-	(1,963,842)	(619,778,641)	(621,742,483)	
Transactions with owners								
Share options granted under ESOS		-	-	-	7,885,404	-	-	7,885,404
Share issuance pursuant to private placement	20	1,148,200	-	1,852,169	-	-	-	3,000,369
Share issuance expenses		-	-	(151,107)	-	-	-	(151,107)
Total transactions with owners		1,148,200	-	1,701,062	7,885,404	-	-	10,734,666
At 31 December 2015		120,460,698	(230,795)	640,107,567	25,836,326	(545,190,435)		240,983,361

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

PERISAI PETROLEUM TEKNOLOGI BHD.
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Group		Company	
	Note	2015	2014	2015	2014
		RM	RM	RM	RM
Cash Flows from Operating Activities					
(Loss)/Profit before tax		(688,151,387)	27,865,235	(619,709,164)	(324,225)
Adjustments for:-					
Impairment loss on:					
- investments in subsidiaries		-	-	13,256,167	-
- amounts due from subsidiaries		-	-	634,199,730	-
- plant and equipment		268,316,356	-	-	-
- prepayments		421,596,886	-	-	-
- trade receivables		-	1,796,494	-	-
Depreciation of plant and equipment		75,257,638	47,034,052	275,670	231,815
Deposit written off		7,633	6,200	-	-
Gain on disposal of plant and equipment		-	(1,442,081)	-	-
Plant and equipment written off		1,155	1,649	1,155	1,649
Interest expense		47,655,599	24,254,403	31,417,822	14,798,595
Dividend income		-	-	(4,167,000)	(3,786,000)
Interest income		(170,161)	(419,019)	(21,135,090)	(9,590,586)
Net unrealised gain on foreign exchange		(12,366,851)	(2,886,184)	(53,623,186)	(19,404,224)
Balance carried down		112,146,868	96,210,749	(19,483,896)	(18,072,976)

PERISAI PETROLEUM TEKNOLOGI BHD.
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

		Group		Company	
	Note	2015	2014	2015	2014
		RM	RM	RM	RM
Balance brought down		112,146,868	96,210,749	(19,483,896)	(18,072,976)
Share of results of associates		(3,838,075)	(3,938,375)	-	-
Share of results of joint ventures		(21,911,509)	(42,582,944)	-	-
Share options granted under ESOS		7,885,404	9,437,922	7,655,477	9,437,922
Operating profit/(loss) before working capital changes		94,282,688	59,127,352	(11,828,419)	(8,635,054)
Change in receivables		(2,306,959)	(29,829,456)	(1,414,998)	156,930
Change in payables		3,584,882	30,764,147	(8,925,170)	(1,734,486)
Net cash flows generated from/(used in) operations		95,560,611	60,062,043	(22,168,587)	(10,212,610)
Interest paid		(54,169,899)	(29,601,966)	(25,909,574)	(7,326,331)
Interest received		174,529	414,563	109,270	407,732
Dividend received		3,402,000	-	4,167,000	3,786,000
Tax paid		(1,312,750)	(392,033)	(66,000)	(68,268)
Tax refunded		75,237	271,400	-	271,400
Net cash from/(used in) operating activities, balance carried down		43,729,728	30,754,007	(43,867,891)	(13,142,077)

PERISAI PETROLEUM TEKNOLOGI BHD.
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Balance brought down		43,729,728	30,754,007	(43,867,891)	(13,142,077)
Cash Flows from Investing Activities					
Subscription of shares in an associate	14	-	(40,000)	(22,500)	(40,000)
Net cash inflow from acquisition of subsidiary		31,546	-	-	-
Proceeds from disposal of plant and equipment		-	1,540,421	-	44,899
Repayment from/(Advance to) an associate		-	18	-	18
Advances to joint ventures		(5,056,003)	(26,567,648)	(5,056,003)	(26,567,648)
Advances to subsidiaries		-	-	(72,455,759)	(313,935,569)
Prepayment of plant and equipment		(50,855,153)	(229,704,556)	-	-
Purchase of plant and equipment	12	(2,564,748)	(665,129,537)	(295,227)	(185,946)
Net cash used in investing activities		(58,444,358)	(919,901,302)	(77,829,489)	(340,684,246)
Balance carried down		(14,714,630)	(889,147,295)	(121,697,380)	(353,826,323)

PERISAI PETROLEUM TEKNOLOGI BHD.
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Balance brought down		(14,714,630)	(889,147,295)	(121,697,380)	(353,826,323)
Cash Flows from Financing Activities					
Payments of hire purchase		(114,523)	(109,398)	(114,523)	(109,398)
Advances from subsidiaries		-	-	1,627,524	214,303,748
Net proceeds from share issuance pursuant to private placement					
- Gross proceeds		3,000,369	165,882,597	3,000,369	165,882,597
- Share issue expenses		(151,107)	(2,858,284)	(151,107)	(2,858,284)
Proceeds from share issuance pursuant to ESOS		-	138,945	-	138,945
Proceeds from issuance of Medium Term Notes		-	263,425,646	-	-
Dividend paid to non-controlling interest		(760,987)	-	-	-
Drawdown of revolving credit		52,935,000	-	52,935,000	-
Drawdown of term loans		-	570,699,855	-	-
Repayments of term loans		(104,103,216)	(73,334,359)	-	-
Net cash (used in)/from financing activities		(49,194,464)	923,845,002	57,297,263	377,357,608
Net (decrease)/increase in cash and cash equivalents		(63,909,094)	34,697,707	(64,400,117)	23,531,285
Effect of exchange rate changes		5,980,920	6,034,134	(270,534)	1,663,619
Balance carried down		(57,928,174)	40,731,841	(64,670,651)	25,194,904

PERISAI PETROLEUM TEKNOLOGI BHD.
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

		Group		Company	
	Note	2015	2014	2015	2014
		RM	RM	RM	RM
Balance brought down		(57,928,174)	40,731,841	(64,670,651)	25,194,904
Cash and cash equivalents at beginning of the financial year		<u>94,108,149</u>	<u>53,376,308</u>	<u>67,387,176</u>	<u>42,192,272</u>
Cash and cash equivalents at end of the financial year	29	<u><u>36,179,975</u></u>	<u><u>94,108,149</u></u>	<u><u>2,716,525</u></u>	<u><u>67,387,176</u></u>

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

PERISAI PETROLEUM TEKNOLOGI BHD.

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at Suite 3A-17, Level 17, Block 3A, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur.

The principal activities of the Company are that of investment holding and the provision of management, administrative and financial support services to its subsidiaries. The principal activities of the subsidiaries, associates and joint ventures are disclosed in Notes 14, 15 and 16. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were approved and authorised for issue by the Board of Directors on 24 March 2016.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

During the financial year ended 31 December 2015, the Group and the Company incurred net loss of RM688,985,357 and RM619,778,641 respectively and as at that date, the Group and the Company had net current liabilities of RM451,508,925 and RM571,847,216 respectively, thereby indicating the existence of a material uncertainty on the Group's and the Company's ability to continue as going concerns. It is noted that the net loss of the Group was mainly attributed to the impairment loss on plant and equipment and prepayments amounting to RM689,913,242 whilst the net loss of the Company was mainly attributed to the impairment loss on investment in subsidiaries and amounts due from subsidiaries amounting to RM647,455,897. It is further noted that the Group and the Company recorded a positive net operating cash flow of RM43,729,728 and a negative net operating cash flow of RM43,867,891 respectively for the financial year ended 31 December 2015.

The directors of the Company are of the opinion that the preparation of the financial statements of the Group and of the Company on a going concern basis remains appropriate given the following mitigating measures being taken or will be taken by the Group to meet its obligations falling due within the next 12 months which, include amongst others:

- Private placement of up to 119,000,000 ordinary shares of RM0.10 each via a call option agreement entered into with Macquarie Bank Limited on 24 November 2015;
- Issuance of new Medium Term Notes under the Group's existing SGD700,000,000 Multicurrency Medium Term Note Programme that was established in August 2013 to meet future financial obligations as and when the need arises;
- Securing customer contract for and/or disposal of the idle asset of the Group; and
- Deferring the taking delivery of second and third jack-up drilling rigs until customers and financiers are secured by the Group.

2. BASIS OF PREPARATION (cont'd)

In addition, the Group's and the Company's shareholders' equity are RM677,614,332 and RM240,983,361 respectively as at 31 December 2015 and the directors are optimistic that the underlying value of the assets of the Group will further strengthen the financial position of the Group and to address any significant doubt on the Group's and the Company's ability in its going concern assumption.

The ability of the Group and the Company to continue as going concerns is dependent on sufficient cash flows generated from the successful implementation of the above measures. In the event that these are not forthcoming, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business. Accordingly the financial statements may require adjustments relating to the recoverability and classification of recorded assets and liabilities that may be necessary should the Group and the Company be unable to continue as going concern.

In view of the matters set out above, there are material uncertainties on the ability of the Group and of the Company to continue as going concerns in the event that the above measures are not forthcoming.

(a) Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 3.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(d).

2. BASIS OF PREPARATION (cont'd)

(b) New MFRSs and Amendments/Improvements to MFRSs

(i) Adoption of Amendments/Improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:-

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 8	Operating Segments
MFRS 13	Fair Value Measurement
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 124	Related Party Disclosures
MFRS 138	Intangible Assets
MFRS 140	Investment Property

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

(ii) New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective:-

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
<u>Amendments/Improvements to MFRSs</u>		
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	To be announced by MASB/ 1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosures of Interests in Other Entities	1 January 2016

2. BASIS OF PREPARATION (cont'd)

(b) New MFRSs and Amendments/Improvements to MFRSs (cont'd)

(ii) New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (cont'd)

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs (cont'd)</u>		
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	To be announced by MASB/ 1 January 2016
MFRS 138	Intangible Assets	1 January 2016
MFRS 141	Agriculture	1 January 2016

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs are summarised below. Due to the complexity of these new MFRSs and amendments/improvements to MFRSs, the financial effects of their adoption are currently still being assessed by the Group and the Company.

MFRS 9 Financial Instruments

Key requirements of MFRS 9:-

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

2. BASIS OF PREPARATION (cont'd)

(b) New MFRSs and Amendments/Improvements to MFRSs (cont'd)

(ii) New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (cont'd)

MFRS 9 Financial Instruments (cont'd)

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.
- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Identify the contracts with a customer;
- Identify the performance obligation in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

2. BASIS OF PREPARATION (cont'd)

(b) New MFRSs and Amendments/Improvements to MFRSs (cont'd)

(ii) New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (cont'd)

MFRS 15 Revenue from Contracts with Customers (cont'd)

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

Amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to MFRS 5 introduces specific guidance when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vice versa), or when held-for-distribution is discontinued.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provides additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

Amendments to MFRS 11 Joint Arrangements

Amendments to MFRS 11 clarifies that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3 Business Combinations, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets/liabilities and recognition of acquisition-related costs as expenses. The Amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not remeasured if the joint operator retains joint control.

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 101 improves the effectiveness of disclosures. The Amendments clarifies guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

2. BASIS OF PREPARATION (cont'd)

(b) New MFRSs and Amendments/Improvements to MFRSs (cont'd)

(ii) New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (cont'd)

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to MFRS 127 Separate Financial Statements

Amendments to MFRS 127 allows a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 introduces a rebuttable presumption that the revenue-based amortisation method is inappropriate (for the same reasons as per the Amendments to MFRS 116). This presumption can be overcome only in the limited circumstances:-

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

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

These Amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

2. BASIS OF PREPARATION (cont'd)

(c) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency") which includes United States Dollar ("USD"), Singapore Dollar ("SGD") and Ringgit Malaysia ("RM"). The financial statements of the Group and of the Company are presented in RM, which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

(d) Significant Accounting Estimates and Judgements

Significant areas of estimation uncertainty and critical judgements in applying accounting principles that have significant effect on the amount recognised in the financial statements are described in the following notes:

- (i) Tax expense (Note 10) – significant judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for taxation. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due is uncertain. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax in the periods in which the outcome is known.
- (ii) Depreciation of plant and equipment (Note 12) – the cost of Jack-up rig, Mobile Offshore Production Unit ("MOPU") and vessels is depreciated on a straight line basis over the assets' estimated economic useful life. Management estimates the useful life of these assets to be within 15 to 30 years. These are common life expectancies applied in the bareboat charter services industry. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore, future depreciation charges could be revised.
- (iii) Impairment of plant and equipment and prepayments (Notes 12 and 17) – The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, i.e. the carrying amount of the asset is more than the recoverable amount. The management relies on the professional valuer to determine the recoverable amount. Significant judgement is also required in the estimation of recoverable amount using the expected future cash flows from the asset or cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows as well as the newbuilt costs, useful lives and salvage value of similar asset.
- (iv) Impairment on investments (Notes 14, 15 and 16) – The management reviews the investments for impairment when there is an indication of impairment. This involves measuring the recoverable amount which includes fair value less costs of disposal and valuation techniques. Valuation techniques includes amongst others, discounted cash flows analysis and in some cases, based on current market indicators and estimates that provide reasonable approximations to the detailed computation.

2. BASIS OF PREPARATION (cont'd)

(d) Significant Accounting Estimates and Judgements (cont'd)

- (v) Impairment loss on receivables (Notes 18 and 19) – the Group assesses at each reporting date whether there is any objective evidence that a receivable is impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectable. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables at the reporting date.
- (vi) Share options reserve (Note 22) – The measurement of the fair value for the Employees' Share Option Scheme ("ESOS") is determined using valuation technique based on assumptions about future volatility of and dividend on the underlying shares.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. The Group reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of controls as mentioned above.

When the Group has less than majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other holders;
- Potential voting rights, if such rights are substantive, held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements;
- The nature of the Group's relationship with other parties and whether those other parties are acting on its behalf (i.e. they are 'de facto agents'); and
- Any additional facts and circumstances that indicate the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(i) Subsidiaries (cont'd)

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, if any.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for business combinations

Business combinations are accounted for using acquisition method from the acquisition date, which is the date on which control is transferred to Group.

The Group measures goodwill at the acquisition date as:

- (i) The fair value of the consideration transferred; plus
- (ii) The recognised amount of any non-controlling interests in the acquiree; plus
- (iii) If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- (iv) The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at the acquisition date either at fair value or at the proportionate share of the acquiree's identifiable net assets.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(iii) Accounting for acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any differences between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Non-controlling interests

Non-controlling interests at the reporting date, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Associates and joint ventures

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not in control, over the financial and operating policies.

Joint ventures are joint arrangements whereby the parties that have joint control of the arrangements have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Associates or joint ventures are accounted for in the consolidated financial statements using the equity method and joint ventures of accounting unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, an investment in an associate or joint venture is initially recognised at cost. Thereafter, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates or joint ventures, after adjustments to align the accounting policies with those of the Group, from the date that the investee becomes an associate or joint venture.

Goodwill relating to associates or joint ventures is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from carrying amount of the investment and is instead included as income in the determination of the Group's shares of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses exceeds its interest in an associate or joint venture, the carrying amount of that interest (including any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has a legal or constructive obligation or has made payments on behalf of the investee. Should the associate or joint venture subsequently report profits, the Group will only resume to recognise its share of profits after its share of profits equals to the share of losses previously not recognised.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates or joint ventures. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate and joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss. Any reversal of impairment loss is recognised in profit or loss to the extent that the recoverable amount of the investment subsequently increases.

Investments in associates or joint ventures are stated in the Company's statement of financial position at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Associates and joint ventures (cont'd)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS 139. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassified the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interest.

When the Group reduces its ownership interest in an associate or joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or joint venture of the Group, profits and losses resulting from the transactions with associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the associate or joint ventures that are not related to the Group.

(c) Foreign currency

(i) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the Group entities' functional currency (foreign currencies) are translated into the Group entities' functional currency at the rates of exchange ruling at the time of the transaction date. Monetary items denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Foreign currency (cont'd)

(i) Foreign currency transactions (cont'd)

Foreign currency differences arising on settlement of monetary items and on retranslation of monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- (i) Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;
- (ii) Income and expenses are translated at average exchange rates for the financial year, which approximates the exchange rates at the dates of the transactions; and
- (iii) All resulting exchange differences are taken to other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

Upon disposal of a foreign operation, the cumulative amount of translation differences at the date of disposal of the foreign operation is taken to the consolidated statement of profit or loss and other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Charter income

Charter hire income from MOPU and vessels is recognised on a time proportionate basis over the term of the charter hire contract.

(ii) Drilling revenue

Drilling revenue is recognised when services are rendered.

(iii) Interest income

Interest income is recognised on accrual basis using the effective interest method.

(iv) Management fee

Management fee is recognised when services are rendered.

(v) Rental income

Rental income is recognised on a straight-line basis over the lease terms.

(vi) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Employee benefits

(i) Short term employee benefits

Short-term employee benefit obligation in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans, if any, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to the Employees Provident Fund or other defined contributable plans are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Employee benefits (cont'd)

(ii) Employees' share option scheme

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share premium if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits as liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage redundancy, the measurement of termination benefits is based on the number of employee expected to accept the offer. Benefits falling due more than twelve months after financial position date are discounted to present value.

(f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowings costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Leases

(i) Finance lease or hire purchase – the Group as lessee

Assets acquired by way of finance leases or hire purchase where the Group assumes substantially all the benefits and risks of ownership are classified as plant and equipment.

Finance lease or hire purchase is capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding finance lease obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Plant and equipment acquired under finance lease is depreciated in accordance with the depreciation policy for plant and equipment.

(ii) Operating lease – the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentive provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(iii) Operating lease – the Group as lessor

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(h) Tax expense

Tax expense in profit or loss represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year, using tax rates enacted or substantially enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Tax expense (cont'd)

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

(i) Plant and equipment

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset of, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to initial recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses if any. When significant parts of plant and equipment are required to be replaced in intervals, the Group recognises such part as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The principal annual rates for the current and comparative financial years are as follows:

Motor vehicles	20%
Office equipment, furniture and fittings	10%
Renovation, air conditioners and site equipment	10%
Tools and equipment	20%
Computers and software	33.33%
Jack-up rig, MOPU, marine vessels and equipment	3 – 30 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The policy of recognition of impairment losses is in accordance with Note 3(l).

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Goodwill on business combination

Goodwill arises on the acquisition of subsidiaries.

The goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is measured at cost and is not amortised but tested for impairment at least annually or more frequently when there is objective evidence of impairment.

Goodwill is allocated to cash generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. The entire carrying amount of the investment is tested for impairment when there is objective evidence of impairment.

(k) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the assets is derecognised.

(l) Impairment of non-financial assets

The carrying amounts of non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less costs of disposal and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to.

An impairment loss is recognised whenever the carrying amount of an item of asset exceeds its recoverable amount. An impairment loss is recognised as expense in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Impairment of non-financial assets (cont'd)

Any subsequent increase in recoverable amount of an asset, other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised in profit or loss.

(m) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition and have categorised financial assets in loans and receivables.

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdraft.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(q) Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(r) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Derivative financial instruments

The Group enters into cross currency interest rate swap contracts to manage its exposure to foreign exchange rate risk.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the gain or loss depends on whether the derivative is designated as hedging instrument, and if so, the nature of the item being hedged.

(t) Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The fair value of a hedging derivative is classified as non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as current asset or liability when the remaining maturity of the hedged item is within 12 months.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(v) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

(w) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 40, including the factors used to identify the reportable segments and the measurement basis of segment information.

(x) Fair value measurement

Fair value of an asset or a liability, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(y) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

4. REVENUE

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Dividend income from:				
- subsidiary	-	-	765,000	-
- associate	-	-	3,402,000	3,786,000
Management fee	-	-	3,296,848	3,465,123
Charter income	55,935,547	44,665,979	-	-
Drilling revenue	158,848,244	77,466,939	-	-
	<u>214,783,791</u>	<u>122,132,918</u>	<u>7,463,848</u>	<u>7,251,123</u>

5. DIRECT COSTS

	Group	
	2015	2014
	RM	RM
Cost of services rendered	<u>172,193,918</u>	<u>94,656,514</u>

6. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/Profit from operations is arrived at after charging/(crediting):

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Auditors' remuneration:				
- statutory audit:				
- current financial year	146,800	148,600	55,000	60,000
- over provision in prior financial year	(12,600)	(6,500)	(5,000)	(3,000)
- other services	23,000	22,000	8,000	8,000
Deposit written off	7,633	6,200	-	-
Depreciation of plant and equipment	75,257,638	47,034,052	275,670	231,815
Employee benefits expenses (including key management personnel) (Note 8)	18,357,147	18,628,244	15,139,647	16,992,954
Impairment loss on:				
- plant and equipment	268,316,356	-	-	-
- prepayments	421,596,886	-	-	-
- trade receivables	-	1,796,494	-	-
- investment in subsidiaries	-	-	13,256,167	-
- amount due from subsidiaries	-	-	634,199,730	-
Plant and equipment written off	1,155	1,649	1,155	1,649
Rental of office	1,669,627	1,645,982	773,760	773,760
Rental of office equipment	25,435	22,390	25,435	22,390
Gain on disposal of plant and equipment	-	(1,442,081)	-	-
Interest income from:				
- subsidiaries	-	-	(21,030,188)	(9,175,667)
- third parties	(170,161)	(419,019)	(104,902)	(414,919)
Net loss/(gain) on foreign exchange:				
- realised	425,188	(2,332,253)	1,243,754	(1,931,465)
- unrealised	(12,366,851)	(2,886,184)	(53,623,186)	(19,404,224)
Sub-rental income on office	<u>(991,265)</u>	<u>(951,551)</u>	<u>(288,894)</u>	<u>(281,243)</u>

7. FINANCE COSTS

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Interest expense on:				
- Bank overdraft	170,520	323,225	170,520	323,225
- Hire purchase	14,309	19,434	14,309	19,434
- Loans from subsidiaries	-	-	29,034,206	13,216,206
- Medium term notes	18,249,688	9,633,500	732,715	280,742
- Revolving credit	2,329,732	50,865	1,118,662	495,532
- Term loans	26,438,467	13,726,897	-	-
Bank guarantee commission	105,473	37,026	-	-
Commitment fee	347,410	463,456	347,410	463,456
	<u>47,655,599</u>	<u>24,254,403</u>	<u>31,417,822</u>	<u>14,798,595</u>

8. EMPLOYEES BENEFITS EXPENSE

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Wages and salaries	9,891,015	9,454,422	7,293,722	8,010,335
Defined contribution plan and social security contribution	1,325,724	1,031,991	971,366	855,177
Share options granted under ESOS	6,720,115	7,780,366	6,490,188	7,780,366
Other benefits	420,293	361,465	384,371	347,076
	<u>18,357,147</u>	<u>18,628,244</u>	<u>15,139,647</u>	<u>16,992,954</u>

Included in employees benefits expense are executive directors' remuneration of the Group and of the Company amounting to RM3,424,443 (2014: RM3,853,697) and RM3,357,019 (2014: RM3,806,237) respectively.

9. DIRECTORS' REMUNERATION

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Executive directors' remuneration:				
- Salaries and bonus	1,283,667	1,512,000	1,224,000	1,470,000
- Other emoluments	208,637	181,369	200,880	175,909
- Share options granted under ESOS	1,932,139	2,160,328	1,932,139	2,160,328
	<u>3,424,443</u>	<u>3,853,697</u>	<u>3,357,019</u>	<u>3,806,237</u>
Non-executive directors' remuneration:				
- Fee	365,140	370,000	365,140	370,000
- Other emoluments	35,500	39,000	35,500	39,000
- Share options granted under ESOS	1,165,289	1,657,556	1,165,289	1,657,556
	<u>1,565,929</u>	<u>2,066,556</u>	<u>1,565,929</u>	<u>2,066,556</u>
Total directors' remuneration	<u><u>4,990,372</u></u>	<u><u>5,920,253</u></u>	<u><u>4,922,948</u></u>	<u><u>5,872,793</u></u>

The estimated monetary value of benefits-in-kind received and receivable by directors of the Company from the Group and the Company amounted to RM35,650 (2014: RM38,350).

10. TAX EXPENSE/(CREDIT)

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Current tax:				
Malaysian				
- current financial year	780,088	761,691	-	-
- under/(over) provision in prior financial year	53,882	(154,581)	69,477	(154,581)
Total tax expense/(credit) recognised in profit or loss	<u><u>833,970</u></u>	<u><u>607,110</u></u>	<u><u>69,477</u></u>	<u><u>(154,581)</u></u>

10. TAX EXPENSE/(CREDIT) (cont'd)

The reconciliation from the tax amount at statutory income tax rate to the Group's and of the Company's tax expense/(credit) is as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
(Loss)/Profit before tax	<u>(688,151,387)</u>	<u>27,865,235</u>	<u>(619,709,164)</u>	<u>(324,225)</u>
Tax at the Malaysian statutory income tax rate of 25%	(172,037,847)	6,966,300	(154,927,291)	(81,100)
Effect of share of results of associates	(959,519)	(984,600)	-	-
Effect of share of results of joint ventures	(5,477,877)	(10,645,700)	-	-
Tax effect of non-deductible expenses	177,502,839	13,551,091	166,964,703	5,315,100
Tax effect of non-taxable income	(3,186,164)	(128,200)	(14,447,500)	(5,155,800)
Effect of different tax rate in foreign jurisdiction	-	71,800	-	-
Different tax rates in offshore companies *	(2,347,973)	(7,990,800)	-	-
Deferred tax asset not recognised during the financial year	7,286,629	-	2,410,088	-
Utilisation of deferred tax assets not recognised previously	-	(78,200)	-	(78,200)
Under/(Over) provision in prior financial years:				
- current tax	<u>53,882</u>	<u>(154,581)</u>	<u>69,477</u>	<u>(154,581)</u>
Total tax expense/(credit) recognised in profit or loss	<u>833,970</u>	<u>607,110</u>	<u>69,477</u>	<u>(154,581)</u>

10. TAX EXPENSE/(CREDIT) (cont'd)

- * The income tax expense for certain subsidiaries incorporated in the Federal Territory of Labuan is based on the Labuan Business Activity Tax Act, 1990 which is computed at 3% of profit before tax or fixed sum of RM20,000 upon election.

Domestic income tax is calculated at the Malaysian statutory income tax rate of 25% (2014: 25%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

11. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

Basic earnings per share amounts are calculated by dividing (loss)/profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year.

Diluted (loss)/earnings per share

Diluted earnings per share amounts are calculated by dividing (loss)/profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

11. (LOSS)/EARNINGS PER SHARE (cont'd)

Basic earnings per share and diluted earnings per share are calculated based on the following information:

	Group	
	2015	2014
	RM	RM
(Loss)/Profit for the financial year attributable to owners of Company	<u>(706,318,202)</u>	<u>13,725,932</u>
	Group/Company	
	2015	2014
	Number of shares ("000")	
Weighted average number of ordinary shares for basic (loss)/earnings per share computation	1,193,120	1,163,891
Effect of dilution:		
- share options	<u>1,356</u>	<u>9,453</u>
Weighted average number of ordinary shares for diluted (loss)/earnings per share computation	<u>1,194,476</u>	<u>1,173,344</u>

During the current financial year, the diluted loss per share is the same as basic loss per share as the assumed potential new ordinary shares are anti-dilutive.

Since the end of the financial year and before the authorisation of these financial statements, the Company had issued 18,000,000 ordinary shares via private placement exercise.

12. PLANT AND EQUIPMENT

Group	Motor vehicles RM	Office equipment, furniture and fittings RM	Renovation, air conditioners, and site equipment RM	Tools and equipment RM	Computers and software RM	Jack-up rig, MOPU, Marine vessels and equipment RM	Total RM
Costs							
At 1 January 2015	620,106	250,685	232,061	59,132	664,864	1,540,217,353	1,542,044,201
Additions	-	7,149	-	-	1,078,822	1,478,777	2,564,748
Written off	-	-	(4,200)	-	-	-	(4,200)
Exchange differences	-	1,929	-	13,479	151,484	339,146,835	339,313,727
At 31 December 2015	620,106	259,763	227,861	72,611	1,895,170	1,880,842,965	1,883,918,476
Accumulated depreciation and impairment loss							
At 1 January 2015	227,372	78,756	88,192	46,991	477,620	137,885,373	138,804,304
Charge for the financial year	124,021	25,363	23,137	6,644	183,350	74,895,123	75,257,638
Impairment loss for the financial year	-	-	-	-	-	268,316,356	268,316,356
Written off	-	-	(3,045)	-	-	-	(3,045)
Exchange difference	-	405	-	11,370	67,999	53,359,282	53,439,056
At 31 December 2015	351,393	104,524	108,284	65,005	728,969	534,456,134	535,814,309

12. PLANT AND EQUIPMENT (cont'd)

Group	Motor vehicles RM	Office equipment, furniture and fittings RM	Renovation, air conditioners, and site equipment RM	Tools and equipment RM	Computers and software RM	Jack-up rig, MOPU, Marine vessels and equipment RM	Total RM
Accumulated depreciation and impairment loss							
Analysed as:-							
At 31 December 2015							
- Accumulated depreciation	351,393	104,524	108,284	65,005	728,969	239,551,292	240,909,467
- Accumulated impairment loss	-	-	-	-	-	294,904,842	294,904,842
	351,393	104,524	108,284	65,005	728,969	534,456,134	535,814,309
Net carrying amount							
At 31 December 2015	268,713	155,239	119,577	7,606	1,166,201	1,346,386,831	1,348,104,167

12. PLANT AND EQUIPMENT (cont'd)

Group	Motor vehicles RM	Office equipment, furniture and fittings RM	Renovation, air conditioners, and site equipment RM	Tools and equipment RM	Computers and software RM	Jack-up rig, MOPU, Marine vessels and equipment RM	Total RM
Costs							
At 1 January 2014	620,106	210,846	229,441	54,050	518,782	641,986,852	643,620,077
Additions	-	48,773	2,620	-	191,736	865,903,143	866,146,272
Disposal	-	(5,220)	-	-	(72,120)	(9,826,500)	(9,903,840)
Written off	-	(4,300)	-	-	-	-	(4,300)
Reversal for overbilling	-	-	-	-	-	(155,443)	(155,443)
Exchange differences	-	586	-	5,082	26,466	42,309,301	42,341,435
At 31 December 2014	620,106	250,685	232,061	59,132	664,864	1,540,217,353	1,542,044,201
Accumulated depreciation							
At 1 January 2014	103,351	58,750	65,226	37,603	403,758	94,735,097	95,403,785
Charge for the financial year	124,021	23,125	22,966	5,479	80,064	46,778,397	47,034,052
Disposal	-	(580)	-	-	(29,372)	(9,826,493)	(9,856,445)
Written off	-	(2,651)	-	-	-	-	(2,651)
Reversal for overbilling	-	-	-	-	-	(21,589)	(21,589)
Exchange differences	-	112	-	3,909	23,170	6,219,961	6,247,152
At 31 December 2014	227,372	78,756	88,192	46,991	477,620	137,885,373	138,804,304
Net carrying amount							
At 31 December 2014	392,734	171,929	143,869	12,141	187,244	1,402,331,980	1,403,239,897

12. PLANT AND EQUIPMENT (cont'd)

Company	Motor vehicles RM	Renovation RM	Office equipment, furniture and fittings RM	Computer and software RM	Total RM
Costs					
At 1 January 2015	620,106	138,401	185,967	342,849	1,287,323
Additions	-	-	4,349	290,878	295,227
Written off	-	(4,200)	-	-	(4,200)
At 31 December 2015	620,106	134,201	190,316	633,727	1,578,350
Accumulated depreciation					
At 1 January 2015	227,372	73,178	68,335	207,227	576,112
Charge for the financial year	124,021	13,769	18,763	119,117	275,670
Written off	-	(3,045)	-	-	(3,045)
At 31 December 2015	351,393	83,902	87,098	326,344	848,737
Net carrying amount					
At 31 December 2015	268,713	50,299	103,218	307,383	729,613
Costs					
At 1 January 2014	620,106	135,781	149,802	274,428	1,180,117
Additions	-	2,620	42,785	140,541	185,946
Disposal	-	-	(2,320)	(72,120)	(74,440)
Written off	-	-	(4,300)	-	(4,300)
At 31 December 2014	620,106	138,401	185,967	342,849	1,287,323
Accumulated depreciation					
At 1 January 2014	103,351	59,576	54,149	159,413	376,489
Charge for the financial year	124,021	13,602	17,006	77,186	231,815
Disposal	-	-	(169)	(29,372)	(29,541)
Written off	-	-	(2,651)	-	(2,651)
At 31 December 2014	227,372	73,178	68,335	207,227	576,112
Net carrying amount					
At 31 December 2014	392,734	65,223	117,632	135,622	711,211

12. PLANT AND EQUIPMENT (cont'd)

(a) The carrying amount of assets under a finance lease arrangements are as follows:-

	Group/Company	
	2015	2014
	RM	RM
Motor vehicles		
Net carrying amount	<u>268,713</u>	<u>392,734</u>

(b) The carrying amount of plant and equipment of the Group that have been pledged as securities for bank guarantee and credit facilities granted to certain subsidiaries as disclosed in Note 25 are as follows:-

	Group	
	2015	2014
	RM	RM
Jack-up rig, MOPU and Marine vessels		
Net carrying amount	<u>1,346,386,831</u>	<u>1,402,331,980</u>

(c) During the financial year, the Group and the Company acquired plant and equipment with an aggregate cost of RM2,564,748 (2014: RM866,146,272) and RM295,227 (2014: RM185,946) respectively which are satisfied as follows:-

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cash payments	2,564,748	665,129,537	295,227	185,946
Transfer from prepayments	<u>-</u>	<u>201,016,735</u>	<u>-</u>	<u>-</u>
	<u>2,564,748</u>	<u>866,146,272</u>	<u>295,227</u>	<u>185,946</u>

Included in the above prepayments are capitalised borrowing costs amounting to RMnil (2014: RM6,718,315).

(d) Impairment loss

During the financial year, the Group assessed the recoverable amount of its Jack-up rig, MOPU, marine vessels and equipment in view of the depressed crude oil prices which have caused uncertainty on the outlook for the demand for oil and gas assets in the short to medium terms. The assessment was performed by the management by reference to an independent valuation carried out by a professional valuer which led to the recognition of an impairment loss of RM268,316,356 (2014: RMnil) in the consolidated statement of profit or loss in other expenses line item.

12. PLANT AND EQUIPMENT (cont'd)**(d) Impairment loss (cont'd)**

The estimated recoverable amount of RM1,051,950,332 of the assets in the production units and drilling units segments is determined using fair value less costs of disposal, which is based on combination of market, cost and income approach, by reference to independent valuation carried out by professional valuer. The fair value is within Level 3 of the fair value hierarchy. The key assumptions used in estimating the fair value are the historical disposal price of similar asset, cost of rebuilding the same specification of the assets and day rates.

13. INTANGIBLE ASSET

	Group/Company	
	Golf club membership	
	2015	2014
	RM	RM
Cost		
At 1 January/31 December	<u>75,000</u>	<u>75,000</u>
Net carrying amount		
At 31 December	<u>75,000</u>	<u>75,000</u>

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015	2014
	RM	RM
<u>Unquoted shares, at cost</u>		
At the beginning of the financial year	81,798,893	302,706,753
Addition	62,500	-
Transferred to subsidiaries (Note 14(c))	-	(220,907,860)
	81,861,393	81,798,893
Share options granted under ESOS	229,928	-
Quasi loans	576,624,487	574,863,015
	658,715,808	656,661,908
Less: Allowance for impairment losses	(49,559,951)	(36,303,784)
	<u>609,155,857</u>	<u>620,358,124</u>

Quasi loans represent advances and payments made on behalf of which the settlement is neither planned nor likely occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The quasi loans are stated at cost less accumulated impairment losses, if any.

14. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest/ Voting rights	
			2015	2014
Romilly (M) Sdn. Bhd.	Malaysia	Dormant	100%	100%
Alpha Perisai Sdn. Bhd.	Malaysia	Provision of administrative support services	100%	100%
# Corro-Pro (L) Inc.	Labuan, Malaysia	Dormant	100%	100%
Perisai Offshore Sdn. Bhd.	Malaysia	Provision of offshore oil and gas services in upstream oil sectors	51%	51%
Corro-Shield (SEA) Sdn. Bhd.	Malaysia	Trading and application of specialist composites materials for oil and gas industry and hiring and chartering of vessels	100%	100%
# Perisai Capital (L) Inc.	Labuan, Malaysia	A special purpose vehicle for the procurement of funds	100%	100%
Perisai Production Holdings Sdn. Bhd.	Malaysia	Investment holding	100%	100%
Perisai Drilling Holdings Sdn. Bhd.	Malaysia	Investment holding	100%	100%
Intan Offshore Sdn. Bhd.	Malaysia	Investment holding	51%	51%
Larizz Energy Services Sdn. Bhd.	Malaysia	Provision of upstream oil and gas services and other services in the oil and gas sectors	51%	-

14. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest/ Voting rights	
			2015	2014
Subsidiaries of Intan Offshore Sdn. Bhd.				
Lewek Eagle Offshore Sdn. Bhd.	Malaysia	Dormant	51%	51%
Jade Offshore Sdn. Bhd.	Malaysia	Dormant	51%	51%
* Lewek Swift Shipping Pte. Ltd.	Republic of Singapore	Dormant	51%	51%
# Intan Offshore (L) Ltd.	Labuan, Malaysia	Provision of vessels and equipment on vessels chartering services	51%	51%
Lewek Mallard Offshore Sdn. Bhd.	Malaysia	Dormant	51%	51%
@ Sarah Pearl Shipping Pte. Ltd.	Republic of Singapore	Provision of ship chartering services	51%	51%
Subsidiaries of Perisai Drilling Holdings Sdn. Bhd.				
Perisai Drilling Sdn. Bhd.	Malaysia	Operations and maintenance for jack-up rig	100%	100%
# Perisai Pacific 101 (L) Inc.	Labuan, Malaysia	Chartering of offshore assets which are primarily for oil and gas industry	100%	100%

14. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest/ Voting rights	
			2015	2014
Subsidiaries of Perisai Drilling Holdings Sdn. Bhd. (cont'd)				
# Perisai Pacific 102 (L) Inc.	Labuan, Malaysia	Chartering of offshore assets which are primarily for oil and gas industry	100%	100%
# Perisai Pacific 103 (L) Inc.	Labuan, Malaysia	Chartering of offshore assets which are primarily for oil and gas industry	100%	100%
Perisai Drilling Operations Sdn. Bhd.	Malaysia	Conduct of oil and gas drilling activities	100%	-
Perisai Drilling Services Sdn. Bhd.	Malaysia	Conduct of oil and gas drilling activities	100%	-
Subsidiaries of Perisai Production Holdings Sdn. Bhd.				
# Garuda Energy (L) Inc.	Labuan, Malaysia	Chartering of offshore assets which are primarily for oil and gas industry	100%	100%
Perisai Production Operations Sdn. Bhd.	Malaysia	Conduct of oil and gas production activities	100%	-
Perisai Production Services Sdn. Bhd.	Malaysia	Conduct of oil and gas production activities	100%	-

Subsidiaries audited by a firm of chartered accountant affiliated with Baker Tilly AC.

@ Subsidiary audited by firm of auditors other than Baker Tilly AC.

* Not required to be audited under the local laws and regulations.

14. INVESTMENTS IN SUBSIDIARIES (cont'd)

(a) Incorporation of subsidiaries

On 13 October 2015, Perisai Drilling Holdings Sdn. Bhd. and Perisai Production Holdings Sdn. Bhd., both wholly-owned subsidiaries of the Company have each incorporated two (2) new wholly-owned subsidiaries in Malaysia under the Companies Act 1965, with issued share capital of RM2 comprising 2 ordinary shares in each of the subsidiaries, namely:

- (i) Perisai Drilling Operations Sdn. Bhd.;
- (ii) Perisai Drilling Services Sdn. Bhd.;
- (iii) Perisai Production Operations Sdn. Bhd.; and
- (iv) Perisai Production Services Sdn. Bhd.;

In the previous financial year, Perisai Drilling Holdings Sdn. Bhd., a wholly-owned subsidiary of the Company had on 22 April 2014 incorporated Perisai Pacific 102 (L) Inc. and Perisai Pacific 103 (L) Inc. in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act 1990, with issued share capital of USD1,000 comprising 1,000 ordinary shares in each of the subsidiaries.

(b) Subscription of shares

On 15 September 2015, the Company had subscribed an additional 22,500 ordinary shares of RM1 each in Larizz Energy Services Sdn. Bhd. ("Larizz Energy") ("Subscription of Shares") at a total cash consideration of RM22,500. Upon the Subscription of Shares, the Company's equity interest in Larizz Energy had increased from 40% to 51% resulted in Larizz Energy became a subsidiary of the Company. The remaining 49% of the enlarged issued and paid-up share capital of Larizz Energy is held by Datuk Zainol Izzet Bin Mohamed Ishak ("Datuk Izzet"), the Managing Director of the Company.

(c) Internal reorganisation

In the previous financial year, the Company obtained approval from the Labuan Financial Services Authority dated 7 August 2014 for the transfer of the Company's 100% equity interest in Garuda Energy (L) Inc. ("Garuda") to its wholly-owned subsidiary, Perisai Production Holdings Sdn. Bhd. for a total cash consideration of RM220,076,060. Consequently, Garuda became an indirect wholly-owned subsidiary of the Company.

In the previous financial year, the Company transferred its 100% equity interest in Perisai Drilling Sdn. Bhd. ("Perisai Drilling") to its wholly-owned subsidiary, Perisai Drilling Holdings Sdn. Bhd., for a total cash consideration of RM828,000. Consequently, Perisai Drilling became an indirect wholly-owned subsidiary of the Company.

In the previous financial year, the Company obtained approval from Labuan Financial Services Authority dated 23 September 2014 for the transfer of the Company's 100% equity interest in Perisai Pacific 101 (L) Inc. ("Perisai Pacific 101") to its wholly-owned subsidiary, Perisai Drilling Holdings Sdn. Bhd. for a total cash consideration of RM3,800. Consequently, Perisai Pacific 101 became an indirect wholly-owned subsidiary of the Company.

14. INVESTMENTS IN SUBSIDIARIES (cont'd)

(d) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:-

2015	Intan Offshore Sdn. Bhd. and its subsidiaries RM	Individually immaterial subsidiaries RM	Total RM
NCI percentage of ownership interest and voting interest	49%		
Carrying amount of NCI	<u>166,514,539</u>	<u>1,084,995</u>	<u>167,599,534</u>
Profit allocated to NCI	<u>16,234,684</u>	<u>1,098,161</u>	<u>17,332,845</u>
Total comprehensive income allocated to NCI	<u>45,441,442</u>	<u>1,285,716</u>	<u>46,727,158</u>
2014	Intan Offshore Sdn. Bhd. and its subsidiaries RM	Individually immaterial subsidiary RM	Total RM
NCI percentage of ownership interest and voting interest	49%		
Carrying amount of NCI	<u>121,073,097</u>	<u>560,266</u>	<u>121,633,363</u>
Profit allocated to NCI	<u>13,028,747</u>	<u>503,446</u>	<u>13,532,193</u>
Total comprehensive income allocated to NCI	<u>20,689,086</u>	<u>539,708</u>	<u>21,228,794</u>

14. INVESTMENTS IN SUBSIDIARIES (cont'd)

- (e) The financial information of Intan Offshore Sdn. Bhd. and its subsidiaries ("Intan Offshore Group") before intra-group elimination of the subsidiaries that have material NCI as of the reporting date are as follows:-

	Intan Offshore Group	
	2015	2014
	RM	RM
Assets and liabilities		
Non-current assets	294,436,497	256,709,631
Current assets	186,892,585	131,846,515
Non-current liabilities	(107,047,259)	(114,037,648)
Current liabilities	(34,456,233)	(27,430,545)
Net assets	<u>339,825,590</u>	<u>247,087,953</u>
Results		
Revenue	55,935,546	44,665,979
Profit for the financial year	33,132,007	26,589,279
Total comprehensive income	<u>92,737,637</u>	<u>42,222,625</u>
Cash flows from operating activities	28,994,297	22,302,577
Cash flows from/(used in) investing activities	1,000,304	(14,465,892)
Cash flows used in financing activities	(32,984,384)	(9,436,354)
Net decrease in cash and cash equivalents	<u>(2,989,783)</u>	<u>(1,599,669)</u>
Dividends paid to NCI	<u>-</u>	<u>-</u>

- (f) The covenants of the bank term loans taken by Perisai Pacific 101 (L) Inc., Garuda Energy (L) Inc. and Intan Offshore (L) Ltd., the subsidiaries of the Company, restrict the ability of the subsidiaries to provide advances to other companies within the Group and to declare dividends to their shareholders until full settlement of the loans unless their prior written consent are obtained. The assets to which such restrictions apply are the cash and cash equivalents of those subsidiaries included in the consolidated financial statements amounting to RM4,414,028 (2014: RM15,044,553).

15. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Unquoted shares (at cost)	17,676,000	17,716,000	17,676,000	17,716,000
Share of post-acquisition loss, net of dividend received	(15,771,764)	(16,207,839)	-	-
Share of exchange differences	515,078	146,564	-	-
	<u>2,419,314</u>	<u>1,654,725</u>	<u>17,676,000</u>	<u>17,716,000</u>
Less:				
Accumulated impairment loss	-	-	(17,376,000)	(17,376,000)
	<u>2,419,314</u>	<u>1,654,725</u>	<u>300,000</u>	<u>340,000</u>

Details of the associates are as follows:

Name of company	Principal place of business/ Country of incorporation	Principal activities/ Nature of the relationship	Effective ownership interest/Voting rights		Financial year end
			2015	2014	
Held by the Company					
Phoenix Energy (M) Sdn. Bhd.	Malaysia	Project management works, conducting, research and development in the Mobile Offshore Production and Technology	32%	32%	31 December
Larizz Petroleum Services Sdn. Bhd.	Malaysia	Provision of upstream oil and gas services and is an agent for the Group	40%	40%	31 December

15. INVESTMENTS IN ASSOCIATES (cont'd)

Details of the associates are as follows: (cont'd)

Name of company	Principal place of business/ Country of incorporation	Principal activities/ Nature of the relationship	Effective ownership interest/Voting rights		Financial year end
			2015	2014	
Larizz Energy Services Sdn. Bhd.	Malaysia	Provision of upstream oil and gas services and other services in the oil and gas sectors and is an agent for the Group	-	40%	31 December

In the previous financial year, Larizz Energy Services Sdn. Bhd. was incorporated in which the Company held a 40% equity interest whilst the remaining 60% was held by Datuk Zainol Izzet bin Mohamed Ishak, the Managing Director of the Company.

On 15 September 2015, the Company had subscribed for an additional 22,500 ordinary shares of RM1 each in Larizz Energy Services Sdn. Bhd. ("Larizz Energy") ("Subscription of Shares") at a total cash consideration of RM22,500 as further disclosed in Note 14(b).

All associates are accounted for using the equity method in the consolidated financial statements.

The Group has not recognised losses related to Phoenix Energy (M) Sdn. Bhd. totalling RM2,374 (2014: RM81,986) in the current financial year and RM305,246 (2014: RM302,872) cumulatively, since the Group has no obligation in respect of these losses.

15. INVESTMENTS IN ASSOCIATES (cont'd)

(a) The summarised financial information of the Group's material associate is as follows:

	Larizz Petroleum Services Sdn. Bhd. RM
2015	
Assets and liabilities	
Non-current assets	232,917
Current assets	127,289,568
Current liabilities	<u>(121,474,199)</u>
Net assets	<u>6,048,286</u>
Results	
Revenue	13,815,270
Profit for the financial year	9,593,317
Total comprehensive income	<u>10,514,600</u>
	Larizz Petroleum Services Sdn. Bhd. RM
2014	
Assets and liabilities	
Non-current assets	200,021
Current assets	117,193,692
Current liabilities	<u>(113,286,193)</u>
Net assets	<u>4,107,520</u>
Results	
Revenue	13,349,681
Profit for the financial year	9,916,645
Total comprehensive income	<u>10,283,055</u>

15. INVESTMENTS IN ASSOCIATES (cont'd)

(b) The reconciliation of net assets to carrying amount of the associates is as follows:

	Larizz Petroleum Services Sdn. Bhd. RM	Individually immaterial associates RM	Total RM
2015			
Group's share of net assets	<u>2,419,314</u>		
Carrying amount in the consolidated statement of financial position	<u>2,419,314</u>	<u>-</u>	<u>2,419,314</u>
Group's share of:-			
Profit or loss	3,837,326	749	3,838,075
Other comprehensive income	<u>368,514</u>	<u>-</u>	<u>368,514</u>
Total comprehensive income	<u>4,205,840</u>	<u>749</u>	<u>4,206,589</u>
Dividend received from associates	<u>3,402,000</u>	<u>-</u>	<u>3,402,000</u>
	Larizz Petroleum Services Sdn. Bhd. RM	Individually immaterial associates RM	Total RM
2014			
Group's share of net assets	<u>1,643,008</u>		
Carrying amount in the consolidated statement of financial position	<u>1,643,008</u>	<u>11,717</u>	<u>1,654,725</u>
Group's share of:-			
Profit or loss	3,966,658	(28,283)	3,938,375
Other comprehensive income	<u>146,564</u>	<u>-</u>	<u>146,564</u>
Total comprehensive income	<u>4,113,222</u>	<u>(28,283)</u>	<u>4,084,939</u>
Dividend received from associates	<u>3,786,000</u>	<u>-</u>	<u>3,786,000</u>

16. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
At cost				
Unquoted shares	485,302,776	485,302,776	93,918,740	93,918,740
Share of post-acquisition profits	70,575,927	48,664,418	-	-
Share of exchange differences	164,640,377	33,199,584	-	-
	<u>720,519,080</u>	<u>567,166,778</u>	<u>93,918,740</u>	<u>93,918,740</u>
Quasi loan	<u>30,803,484</u>	<u>-</u>	<u>30,803,484</u>	<u>-</u>
	<u>751,322,564</u>	<u>567,166,778</u>	<u>124,722,224</u>	<u>93,918,740</u>

Quasi loan represents advances and payments made on behalf of which the settlement is neither planned nor likely occur in the foreseeable future. This amount is, in substance, a part of the Company's net investment in the joint ventures. The quasi loan is stated at cost less accumulated impairment losses, if any.

Details of the joint ventures are as follows:

Name of company	Principal place of business/ Country of incorporation	Principal activities/ Nature of the relationship	Effective ownership interest/ Voting rights		Financial year end
			2015	2014	
Held by the Company					
@ SJR Marine (L) Ltd.	Labuan, Malaysia	Provision of vessels, barges and equipment on vessels charter services	51%	51%	31 December
Held by Perisai Production Holdings Sdn. Bhd.					
@ Emas Victoria (L) Bhd.	Labuan, Malaysia	Ship owners and provision of ship chartering services	51%	51%	31 December
Victoria Production Services Sdn. Bhd.	Malaysia	Operations and maintenance service for Floating, Production, Storage and Offloading ("FPSO")	51%	51%	31 December

@ Audited by firm of chartered accountants affiliated with Baker Tilly AC.

16. INVESTMENTS IN JOINT VENTURES (cont'd)

Simultaneous with the disposal of 49% equity interest in SJR Marine (L) Ltd. ("SJR Marine"), on 5 December 2012, the Company and EMAS Offshore Limited ("EOL") entered into the following supplementary agreement to the Share Sale Agreement:

- (i) the Company grants EOL the right to acquire all of the Company's remaining equity interest in SJR Marine (the "Call Option Shares") from the Company, and EOL may exercise the Call Option at the Call Option Price at any time during the two (2)-year period from the completion date of the disposal of 49% equity in SJR Marine ("Completion Date") ("Call Option Period"). The Call Option Price is fixed at the price equivalent to 51% of the net assets value of SJR Marine at the Completion Date;
- (ii) in the event the Call Option is not exercised during the Call Option Period, the parties shall use their best endeavours to procure SJR Marine to sell SJR Marine's Enterprise 3 vessel to an interested third party within a period of twelve (12) months from the expiry of the Call Option Period ("Enterprise 3 Disposal Period") on terms to be agreed upon by the parties. Where SJR Marine is unable to dispose of Enterprise 3 within the Enterprise 3 Disposal Period, the Company shall be entitled to exercise its right under the Put Option; and
- (iii) EOL grants the Company the right ("Put Option") to sell all of its remaining equity interest in SJR Marine ("Put Option Shares"), to EOL, and EOL shall acquire the Put Option Shares, at the Put Option Price which is equivalent to the Call Option Price. The Company may exercise the Put Option at the Put Option Price at any time within the period of one (1) month prior to the expiry of the Enterprise 3 Disposal Period ("Put Option Period"). In the event the Put Option is not exercised within the Put Option Period, the Company's Put Option Rights shall lapse.

The call option has lapsed on 26 December 2015. At the reporting date, the management is of the opinion that the fair value of the put option could not be estimated reliably as the options are linked to an unquoted equity instrument with many unobservable factors.

The summarised financial information of the Group's material joint ventures is as follows:

	Emas Victoria (L) Bhd. RM	Victoria Production Services Sdn. Bhd. RM	SJR Marine (L) Ltd. RM	Total RM
2015				
Asset and liabilities				
Non-current assets	1,794,025,050	532,978	389,601,293	2,184,159,321
Current assets	204,376,255	44,155,818	5,729,289	254,261,362
Non-current liabilities	(620,775,801)	-	(57,962,250)	(678,738,051)
Current liabilities	(299,913,444)	(29,511,575)	(133,558,252)	(462,983,271)
Net assets	<u>1,077,712,060</u>	<u>15,177,221</u>	<u>203,810,080</u>	<u>1,296,699,361</u>

16. INVESTMENTS IN JOINT VENTURES (cont'd)

The summarised financial information of the Group's material joint ventures is as follows:
(cont'd)

	Emas Victoria (L) Bhd. RM	Victoria Production Services Sdn. Bhd. RM	SJR Marine (L) Ltd. RM	Total RM
2015				
Included in the assets and liabilities are:				
Cash and cash equivalents	125,421,589	12,944,404	5,652,564	144,018,557
Non-current financial liabilities (excluding trade and other payables and provisions)	542,580,462	-	57,962,250	600,542,712
Current financial liabilities (excluding trade and other payables and provisions)	<u>288,245,677</u>	<u>4,530,776</u>	<u>128,520,689</u>	<u>421,297,142</u>
2015				
Results				
Revenue	284,069,696	74,381,411	-	358,451,107
Depreciation	91,981,442	166,381	12,905,203	105,053,026
Interest expense	30,658,095	-	2,304,405	32,962,500
Income tax expense	23,438	2,981,868	7,774	3,013,080
Profit/(loss) for the financial year	134,667,231	8,415,553	(100,119,041)	42,963,743
Other comprehensive income	205,297,551	1,947,788	50,481,706	257,727,045
Total comprehensive income	<u>339,964,782</u>	<u>10,363,341</u>	<u>(49,637,335)</u>	<u>300,690,788</u>

16. INVESTMENTS IN JOINT VENTURES (cont'd)

The summarised financial information of the Group's material joint ventures is as follows:
(cont'd)

	Emas Victoria (L) Bhd. RM	Victoria Production Services Sdn. Bhd. RM	SJR Marine (L) Ltd. RM	Total RM
2015				
Group's share of net assets	540,223,084	7,740,490	60,920,336	608,883,910
Fair value adjustments	9,410,067	-	43,022,805	52,432,872
Goodwill	53,253,175	36,973	5,912,150	59,202,298
Carrying amount in the consolidated statement of financial position	<u>602,886,326</u>	<u>7,777,463</u>	<u>109,855,291</u>	<u>720,519,080</u>
Group's share of:-				
Profit or loss	68,680,288	4,291,932	(51,060,711)	21,911,509
Other comprehensive income	104,701,751	993,372	25,745,670	131,440,793
Total comprehensive income/(loss)	<u>173,382,039</u>	<u>5,285,304</u>	<u>(25,315,041)</u>	<u>153,352,302</u>
	Emas Victoria (L) Bhd. RM	Victoria Production Services Sdn. Bhd. RM	SJR Marine (L) Ltd. RM	Total RM
2014				
Asset and liabilities				
Non-current assets	1,480,782,569	644,419	402,185,798	1,883,612,786
Current assets	139,074,568	28,169,314	10,470,856	177,714,738
Non-current liabilities	(620,775,801)	-	(64,335,600)	(685,111,401)
Current liabilities	(241,951,005)	(23,986,192)	(92,721,739)	(358,658,936)
Net assets	<u>757,130,331</u>	<u>4,827,541</u>	<u>255,599,315</u>	<u>1,017,557,187</u>

16. INVESTMENTS IN JOINT VENTURES (cont'd)

The summarised financial information of the Group's material joint ventures is as follows:
(cont'd)

	Emas Victoria (L) Bhd. RM	Victoria Production Services Sdn. Bhd. RM	SJR Marine (L) Ltd. RM	Total RM
2014				
Included in the assets and liabilities are:				
Cash and cash equivalents	95,194,680	9,749,102	10,441,306	115,385,088
Non-current financial liabilities (excluding trade and other payables and provisions)	620,775,801	-	64,335,600	685,111,401
Current financial liabilities (excluding trade and other payables and provisions)	<u>232,773,016</u>	<u>12,218,509</u>	<u>88,931,349</u>	<u>333,922,874</u>
2014				
Results				
Revenue	233,747,315	62,840,028	-	296,587,343
Depreciation	77,935,804	127,547	20,207,322	98,270,673
Interest expense	30,764,099	-	2,336,989	33,101,088
Income tax expense/ (credit)	58,719	1,942,586	(76,348)	1,924,957
Profit/(Loss) for the financial year	107,714,586	3,402,826	(27,621,443)	83,495,969
Other comprehensive income	53,311,627	311,149	16,741,873	70,364,649
Total comprehensive income/(loss)	<u>161,026,213</u>	<u>3,713,975</u>	<u>(10,879,570)</u>	<u>153,860,618</u>

16. INVESTMENTS IN JOINT VENTURES (cont'd)

The summarised financial information of the Group's material joint ventures is as follows:
(cont'd)

	Emas Victoria (L) Bhd. RM	Victoria Production Services Sdn. Bhd. RM	SJR Marine (L) Ltd. RM	Total RM
2014				
Group's share of net assets	377,896,085	2,462,050	57,656,111	438,014,246
Fair value adjustments	8,240,384	-	72,699,539	80,939,923
Goodwill	43,367,818	30,110	4,814,681	48,212,609
Carrying amount in the consolidated statement of financial position	<u>429,504,287</u>	<u>2,492,160</u>	<u>135,170,331</u>	<u>567,166,778</u>
Group's share of:-				
Profit or loss	54,934,438	1,735,442	(14,086,936)	42,582,944
Other comprehensive income	<u>27,188,930</u>	<u>158,686</u>	<u>8,538,355</u>	<u>35,885,971</u>
Total comprehensive income/(loss)	<u>82,123,368</u>	<u>1,894,128</u>	<u>(5,548,581)</u>	<u>78,468,915</u>

Significant restrictions

The above joint ventures cannot distribute their profits or repay advances made by the Company unless consents are obtained from the joint venture partner and the banks under the loan covenant.

17. PREPAYMENTS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Non-current				
Prepayments	463,374,523	324,475,270	-	-
Less:				
Accumulated impairment loss				
Impairment loss during the financial year	(421,596,886)	-	-	-
Exchange difference	(41,777,637)	-	-	-
	<u>(463,374,523)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance carried down	<u>-</u>	<u>324,475,270</u>	<u>-</u>	<u>-</u>

17. PREPAYMENTS (cont'd)

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Balance brought down	-	324,475,270	-	-
Current				
Prepayments	5,121,528	4,547,084	402,545	353,490
	<u>5,121,528</u>	<u>329,022,354</u>	<u>402,545</u>	<u>353,490</u>

Non-current prepayments of the Group represent down payments for construction of jack-up drilling rigs and other related costs. The balance of the capital commitment is disclosed in Note 32. Included in non-current prepayments are capitalised borrowing costs during the financial year amounting to RM9,043,051 (2014: RM2,803,116) using the capitalisation rates ranging from 3.22% to 6.88% (2014: 3.15% to 6.88%) per annum.

During the financial year, the Group assessed the recoverable amount of its prepayments related to the construction of jack-up drilling rigs in view of the depressed crude oil prices which have caused uncertainty on the outlook for the demand for oil and gas assets in the short to medium terms. The assessment was performed by the management based on value-in-use and was determined at the level of the individual asset. In determining the value-in-use for the assets, the cash flows were discounted at a rate of 11% on pre-tax basis.

18. TRADE RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Trade receivables				
- Billed	63,819,677	39,700,243	1,774,150	-
- Unbilled	5,843,326	10,564,577	-	-
	69,663,003	50,264,820	1,774,150	-
Less: Allowance for impairment loss	(2,356,414)	(1,918,994)	-	-
	<u>67,306,589</u>	<u>48,345,826</u>	<u>1,774,150</u>	<u>-</u>

Trade receivables of the Group and of the Company are non-interest bearing and generally on credit terms ranging from 30 to 120 days (2014: 30 to 120) days. They are recognised at their original invoices amounts which represent their fair value on initial recognition.

Included in trade receivables of the Group is an amount of RM43,999,472 (2014: RM17,986,214) due from affiliated companies on normal credit term.

Included in the trade receivables of the Company are amounts due from subsidiaries of RM1,774,150 (2014: RMnil).

18. TRADE RECEIVABLES (cont'd)Ageing analysis of trade receivables

The ageing analysis of the trade receivables are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Neither past due nor impaired	30,107,985	12,559,601	376,550	-
1 to 30 days past due not impaired	9,138,988	20,946,782	-	-
31 to 60 days past due not impaired	5,271,345	1,190,139	-	-
61 to 90 days past due not impaired	5,447,056	1,190,139	24,150	-
91 to 120 days past due not impaired	5,271,345	12,459,165	-	-
More than 120 days past due not impaired	12,069,870	-	1,373,450	-
	37,198,604	35,786,225	1,397,600	-
Impaired	2,356,414	1,918,994	-	-
	<u>69,663,003</u>	<u>50,264,820</u>	<u>1,774,150</u>	<u>-</u>

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM37,198,604 and RM1,397,600 (2014: RM35,786,225 and RMnil) respectively that are past due at the reporting date but not impaired because there have been no significant changes in the credit quality of the debtors and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

Receivables that are impaired

The movement of allowance accounts used to record the impairment is as follows:

	Group	
	2015	2014
	RM	RM
At 1 January	1,918,994	-
Charge for the financial year	-	1,796,494
Exchange differences	437,420	122,500
At 31 December	<u>2,356,414</u>	<u>1,918,994</u>

18. TRADE RECEIVABLES (cont'd)

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payment. These receivables are not secured by any collateral or credit enhancements.

The foreign currency exposure profile of trade receivables balances is as follows:

	Company	
	2015	2014
	RM	RM
United States Dollar	<u>1,765,642</u>	<u>-</u>

19. OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Non-current				
Non-trade				
Amounts due from subsidiaries	-	-	711,700,406	546,681,101
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>(633,695,777)</u>	<u>-</u>
	-	-	78,004,629	546,681,101
Current				
Non-trade				
Sundry receivables	708,556	2,524,876	135,146	253,413
Interest receivable from subsidiaries	-	-	32,631,458	9,472,679
Amount due from associate	118,725	118,743	118,725	118,743
Amounts due from subsidiaries	-	-	503,953	386,820
Amounts due from joint ventures	58,407,110	68,013,309	58,407,110	68,013,309
	59,234,391	70,656,928	91,796,392	78,244,964
Less: Allowance for impairment loss	<u>(118,725)</u>	<u>(118,725)</u>	<u>(622,678)</u>	<u>(118,725)</u>
	59,115,666	70,538,203	91,173,714	78,126,239
Deposits	<u>349,269</u>	<u>434,195</u>	<u>93,280</u>	<u>108,110</u>
	59,464,935	70,972,398	91,266,994	78,234,349
	<u>59,464,935</u>	<u>70,972,398</u>	<u>169,271,623</u>	<u>624,915,450</u>

19. OTHER RECEIVABLES AND DEPOSITS (cont'd)**Non-current:**

The amounts due from subsidiaries are non-trade in nature, unsecured, not expected to be repayable within the next 12 months and bear interests at rates ranging from 2.92% to 8.65% (2014: 3.15% to 6.88%) per annum. The amounts are neither past due nor impaired.

Current:

The amounts due from subsidiaries, associate and joint ventures are non-trade in nature, unsecured, interest free and repayable on demand by cash. The amounts are neither past due nor impaired.

The movements of the allowance accounts used to record the impairment loss on other receivables are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
<u>Non-current</u>				
At 1 January	-	-	-	-
Charge for the financial year (Note 6)	-	-	633,695,777	-
At 31 December	-	-	633,695,777	-
<u>Current</u>				
At 1 January	118,725	118,725	118,725	118,725
Charge for the financial year (Note 6)	-	-	503,953	-
At 31 December	118,725	118,725	622,678	118,725

The foreign currency exposure profile of other receivables is as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
United States Dollar	58,407,157	68,013,309	802,739,022	624,167,089

20. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Group/Company				
	Number of ordinary shares of RM0.10 each		Amount		
	Share capital (Issued and fully paid)	Treasury shares	Share capital (Issued and fully paid) RM	Share premium RM	Total share capital and share premium RM
At 1 January 2014	1,084,527,980	400,000	108,452,798	486,025,067	594,477,865
Share options exercised	177,000	-	17,700	199,125	216,825
Share issuance pursuant to private placement	108,419,998	-	10,842,000	155,040,597	165,882,597
Share issuance expenses	-	-	-	(2,858,284)	(2,858,284)
At 31 December 2014/ 1 January 2015	1,193,124,978	400,000	119,312,498	638,406,505	757,719,003
Share issuance pursuant to private placement	11,482,000	-	1,148,200	1,852,169	3,000,369
Share issuance expenses	-	-	-	(151,107)	(151,107)
At 31 December 2015	1,204,606,978	400,000	120,460,698	640,107,567	760,568,265
					(230,795)

20. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (cont'd)

	Number of ordinary shares of RM0.10 each		Amount	
	2015	2014	2015 RM	2014 RM
Authorised Share Capital				
At 1 January / 31 December	5,000,000,000	5,000,000,000	500,000,000	500,000,000

(a) Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual interests.

The Company has on 24 November 2015 entered into a call option agreement ("Agreement") with Macquarie Bank Limited ("Macquarie" or the "Investor") pursuant to which Macquarie was granted the rights to exercise and be issued with up to 119,000,000 new ordinary shares of RM0.10 each in the Company. The main features of the call option are as follows:-

- The call option granted may be exercised any time within the option period from the date of the Agreement and ending on the date which is eighteen (18) months after the call option closing date, being the date on which the conditions precedent to the granting of the call option were satisfied or waived; and
- The exercise price of the call option shall be an amount equal to 90% of the volume weighted average market price of the Company's existing ordinary shares as traded on Bursa Malaysia Securities Berhad during the five (5) consecutive market days immediately preceding the date on which the Company receives the relevant exercise notice from the Investor, with exercise price not less than RM0.25 per ordinary share.

The movements in the call option during the financial year is as follows:

	Number of options ('000)		
	At 1.1.2015	Granted Exercised	At 31.12.2015
Number of options	-	119,000 (11,482)	107,518

During the financial year, the Company issued 5,482,000 and 6,000,000 new ordinary shares of RM0.10 each for cash at an issue price of RM0.27369 and RM0.25000 per ordinary share respectively through private placement.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

20. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (cont'd)

(b) Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

(c) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

There was no repurchase of issued share capital since the previous financial year end.

21. RETAINED EARNINGS

The Finance Act 2007 introduced a single-tier company income tax system with effect from year of assessment 2008. The Company may distribute dividends out of its entire retained earnings under the single-tier system.

22. OTHER RESERVES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Share options reserve	29,178,512	21,293,108	29,178,512	21,293,108
Foreign currency translation reserve	298,060,845	92,981,486	-	-
Cash flow hedge reserve	(3,342,186)	(1,378,344)	(3,342,186)	(1,378,344)
	<u>323,897,171</u>	<u>112,896,250</u>	<u>25,836,326</u>	<u>19,914,764</u>

(a) Share options reserve

Share options reserve represents the equity-settled share options granted to employees (Note 30). This reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

22. OTHER RESERVES (cont'd)**(b) Foreign currency translation reserve**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the entities within the Group with functional currencies other than RM (foreign operations) as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

(c) Cash flow hedge reserve

Cash flows hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flows hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedge reserve will be reclassified to profit or loss only when the hedge transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the Group's accounting policy.

23. TRADE PAYABLES

Trade payables are non-interest bearing and the normal trade credit term granted to the Group ranges from 30 to 90 days (2014: 30 to 90 days).

Included in the trade payables is accrued purchases of RM3,129,001 (2014: RM3,159,256).

The foreign currency exposure profile of trade payables is as follows:-

	Group	
	2015 RM	2014 RM
Ringgit Malaysia	3,941,397	-
Singapore Dollar	668,758	-

24. OTHER PAYABLES AND ACCRUALS

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Non-current					
Amount due to					
an affiliated					
company	(a)	10,519,075	8,566,425	-	-

24. OTHER PAYABLES AND ACCRUALS (cont'd)

		Group		Company	
	Note	2015	2014	2015	2014
		RM	RM	RM	RM
Current					
Sundry payables	(b)	36,470,931	26,636,862	2,710,556	10,461,849
Interest payables to subsidiaries		-	-	19,682,776	12,660,199
Amounts due to subsidiaries	(c)	-	-	580,672,106	525,896,568
Amounts due to an associate		15,900	-	15,900	-
Accruals		12,221,244	8,768,562	1,430,921	2,075,675
Deposits received	(d)	156,079	156,079	23,000	23,000
		<u>48,864,154</u>	<u>35,561,503</u>	<u>604,535,259</u>	<u>551,117,291</u>

(a) The amount due to an affiliated company in respect of acquisition of plant and equipment is unsecured, interest free and repayable in year 2020 by cash.

(b) Included in sundry payables of the Group and the Company are:-

- (i) an amount of RM1,909,755 (2014: RM10,173,085) due to EMAS Offshore Limited, a joint venture partner of which RM1,335,706 (2014: RM9,829,010) bears interest at rate of 4% (2014: 4%) per annum; and
- (ii) an amount of RM230,746 and RM8,572 respectively (2014: RM524,016 and RMnil) due to affiliated companies.

The above amounts due to joint venture partner and affiliated companies are non-trade in nature, unsecured, interest free and repayable on demand by cash.

(c) The amounts due to subsidiaries are non-trade in nature, unsecured, interest free and no fixed term of repayment except for an amount of RM497,833,410 (2014: RM428,331,314) which bear interest at rates ranging from 2.92% to 8.65% (2014: 3.15% to 6.88%) per annum.

(d) Included in deposits are rental deposits of:

- (i) RM23,000 (2014: RM23,000) received by the Group and the Company from an affiliated company; and
- (ii) RM133,079 (2014: RM133,079) received by the Group from a joint venture company.

24. OTHER PAYABLES AND ACCRUALS (cont'd)

The foreign currency exposure profile of other payables are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Ringgit Malaysia	1,151,848	-	-	-
Singapore Dollar	108,983	-	374,917,192	322,231,537
United States Dollar	<u>2,235,621</u>	<u>18,739,510</u>	<u>225,996,230</u>	<u>212,186,786</u>

25. LOANS AND BORROWINGS

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Current					
Unsecured					
Bank overdraft	(a)	3,475,519	-	3,475,519	-
Revolving credits	(b)	52,935,000	-	52,935,000	-
Medium Term Notes					
- Singapore Dollar					
("SGD")	(c)	376,106,289	-	-	-
		432,516,808	-	56,410,519	-
Secured					
Term loans					
- United States					
Dollar ("USD")	(d)	114,179,259	134,973,290	-	-
		<u>114,179,259</u>	<u>134,973,290</u>	<u>-</u>	<u>-</u>
		<u>546,696,067</u>	<u>134,973,290</u>	<u>56,410,519</u>	<u>-</u>

25. LOANS AND BORROWINGS (cont'd)

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Non-current					
Unsecured					
Medium Term Notes					
- Singapore Dollar					
("SGD")	(c)	-	325,675,857	-	-
		-	325,675,857	-	-
Secured					
Term loans					
- United States					
Dollar ("USD")	(d)	794,522,433	697,037,432	-	-
		794,522,433	697,037,432	-	-
		794,522,433	1,022,713,289	-	-

(a) Unsecured bank overdraft

The bank overdraft of the Group and of the Company bears interest at rate of 8.65% (2014: nil) per annum.

(b) Unsecured revolving credits

The revolving credits of the Group and of the Company bear interest rate at rates ranging from 3.36% to 6.26% (2014: nil) per annum.

The foreign currency exposure profile of unsecured revolving credits of the Group and of the Company are as follows:

	Group/Company	
	2015 RM	2014 RM
United States Dollar	42,935,000	-

25. LOANS AND BORROWINGS (cont'd)

(c) Unsecured Medium Term Notes

On 19 August 2013, Perisai Capital (L) Inc. ("PCLI"), a wholly-owned subsidiary of the Company, established a Multi-currency Medium Term Notes ("MTN") Programme arranged by Credit Suisse (Singapore) Limited to issue MTN up to SGD700,000,000. The net proceeds from the issuance of the MTN is expected to be on-lent and/or paid and/or advanced by PCLI to the Company for general corporate purpose of the Company and its subsidiaries including to finance potential acquisition, strategic expansion, general working capital, capital expenditure, investment and to refinance existing borrowings of the Company and its subsidiaries.

On 3 October 2013, PCLI issued the MTN amounting to SGD23,000,000, maturing on 3 October 2016 bearing interest at rate of 6.88% per annum. On 18 July 2014, PCLI issued additional MTN amounting to SGD102,000,000, maturing on 3 October 2016 bearing interest rate of 6.88% per annum. The MTNs are listed on the Singapore Exchange Trading Limited ("SGX-ST").

The salient features of the MTN Programme are as follows:

- (i) PCLI may, subject to compliance with all relevant laws, regulations and derivatives, from time to time issue MTN in series or tranches denominated in SGD and/or any other currency as may be agreed between the relevant dealer(s) and PCLI.
- (ii) Each series of tranche of MTN may be issued in various amounts and tenors, and may bear fixed, floating, variable or hybrid rates of interest or may not bear interest.
- (iii) The payment obligations of PCLI under the MTN and certain other obligations under the documents pursuant to the MTN Programme ("Programme Documents") will be unconditionally and irrevocably guaranteed by the Company in accordance with the provisions of the applicable Programme Documents.
- (iv) The MTN and the coupons of all series will constitute direct, unconditional, unsubordinated and unsecured obligations of PCLI and shall at all times rank pari passu, without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of PCLI.
- (v) The MTN to be issued will be quoted on the SGX-ST pursuant to the MTN Programme.

25. LOANS AND BORROWINGS (cont'd)

(d) Secured term loans

	Group	
	2015	2014
	RM	RM
Current liabilities:		
Secured short-term loans	114,179,259	134,973,290
Non-current liabilities:		
Secured term loans		
More than 1 year but less than 2 years	92,426,566	135,036,634
More than 2 year but less than 5 years	700,246,227	558,220,381
More than 5 years	1,849,640	3,780,417
	<u>794,522,433</u>	<u>697,037,432</u>
	<u>908,701,692</u>	<u>832,010,722</u>

The term loans of the Group, which are denominated in United States Dollar, bear interest at rates ranging from 2.92% to 3.22% (2014: 2.40% to 3.16%) per annum and are secured and supported as follows:-

- (i) a legal charge over respective subsidiaries' Jack-up rig, MOPU and marine vessels;
- (ii) assignment of contract proceeds from the Charter Contract and Drilling Contract of the respective subsidiaries;
- (iii) specific and limited debenture over the assets of the respective borrowing subsidiaries;
- (iv) assignment of Insurance Policies; and
- (v) corporate guarantees by the Company.

26. HIRE PURCHASE PAYABLES

	Group/Company	
	2015	2014
	RM	RM
Total instalment payable	289,850	418,682
Less: Future finance charges	(13,455)	(27,764)
Present value of hire purchase payables	<u>276,395</u>	<u>390,918</u>
Current liabilities		
Payable within 1 year		
Total instalment payable	128,832	128,832
Less: Future finance charges	(9,183)	(14,309)
	119,649	114,523
Non-current liabilities		
Payable after 1 year but not later than 5 years		
Total instalment payable	161,018	289,850
Less: Future finance charges	(4,272)	(13,455)
	156,746	276,395
	<u>276,395</u>	<u>390,918</u>

The hire purchase bears an interest rate at 2.25% (2014: 2.25%) per annum.

27. DERIVATIVE LIABILITY

	Current Liabilities			Non-current Liabilities		
	2015			2014		
	Notional			Notional		
	value	Assets	Liabilities	value	Assets	Liabilities
	RM	RM	RM	RM	RM	RM
Group/Company						
Cash flow hedges:						
Cross currency						
interest rate						
swaps	65,283,200	-	10,544,022	62,661,000	-	4,689,781

In the previous financial years, the Company entered into cross currency interest rate swap contracts that entitle the Company to convert SGD23,000,000 to USD18,429,488 and swaps the Company's obligation to pay USD interest at fixed rate of 7.08% semi-annually. The cross currency interest rate swaps will mature on 30 September 2016. The swap contracts were entered into to minimise the Company's exposure to losses resulting from adverse fluctuations in foreign currency exchange rates on the Group's existing borrowings and inter-company advances.

28. DEFERRED TAXATION

Deferred tax assets and deferred tax liabilities presented after appropriate offsetting as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Deferred tax assets	228,571	57,476	98,261	57,476
Deferred tax liabilities	<u>(228,571)</u>	<u>(57,476)</u>	<u>(98,261)</u>	<u>(57,476)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Deferred tax assets and liabilities are attributable to the following:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Deferred tax assets				
Deductible temporary differences in respect of expenses	13,536	-	-	-
Unabsorbed capital allowances	215,035	42,495	98,261	42,495
Unutilised tax losses	<u>-</u>	<u>14,981</u>	<u>-</u>	<u>14,981</u>
	<u>228,571</u>	<u>57,476</u>	<u>98,261</u>	<u>57,476</u>
Deferred tax liabilities				
Differences between the carrying amount of plant and equipment and its tax base	<u>228,571</u>	<u>57,476</u>	<u>98,261</u>	<u>57,476</u>
	<u>228,571</u>	<u>57,476</u>	<u>98,261</u>	<u>57,476</u>

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Unutilised tax losses	66,113,029	37,106,568	46,620,508	37,065,620
Unabsorbed capital allowances	<u>140,054</u>	<u>-</u>	<u>85,463</u>	<u>-</u>
	<u>66,253,083</u>	<u>37,106,568</u>	<u>46,705,971</u>	<u>37,065,620</u>

29. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Deposits with licensed bank	3,434,800	13,588,400	3,434,800	13,588,400
Cash on hand and at bank	36,220,694	80,519,749	2,757,244	53,798,776
	39,655,494	94,108,149	6,192,044	67,387,176
Less: Bank overdraft (Note 25)	(3,475,519)	-	(3,475,519)	-
	<u>36,179,975</u>	<u>94,108,149</u>	<u>2,716,525</u>	<u>67,387,176</u>

Deposits with licensed bank bear interest at rate of 0.25% (2014: 0.3% - 3.60%) per annum and have a maturity periods of 5 days (2014: 13 - 22 days).

The foreign currency exposure profile of deposits, cash and bank balances is as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Singapore Dollar	145,899	59,956,589	98,569	59,890,091
Ringgit Malaysia	3,497,392	1,606,681	-	-
United States Dollar	<u>3,845,471</u>	<u>3,396,378</u>	<u>3,844,988</u>	<u>3,396,378</u>

30. EMPLOYEE BENEFITS**Employees' share option scheme ("ESOS")**

Eligible directors and employees of the Group participate in an equity-settled, share-based compensation unissued plan, i.e. ESOS operated by the Company to subscribe for new ordinary shares of RM0.10 each in the Company.

The Company's ESOS is governed by the by-laws approved by its shareholders at an Extraordinary General Meeting held on 27 June 2012. The Company had on 4 July 2012, 25 June 2013, 19 June 2014 and 17 June 2015, granted 25,818,000, 14,068,000, 10,997,900 and 33,383,050 new options respectively to the eligible directors and employees of the Group. The existing ESOS was implemented on 1 July 2012 to be in force for a period of 10 years which will expire on 1 July 2022.

The salient features of the ESOS are as follows:

- (a) The total number of options to be offered under the ESOS shall be subject to a maximum of 10% of the issued and paid-up share capital (excluding treasury shares) of the Company at any point in time;

30. EMPLOYEE BENEFITS (cont'd)

The salient features of the ESOS are as follows: (cont'd)

- (b) Any natural person who is employed full-time by and on the payroll of the Company and its subsidiaries and non-executive directors who fulfils the conditions of eligibility stipulated in the by-laws shall be eligible to participate in the ESOS. Employees include the executive directors of the Group;
- (c) The subscription price for each new share shall be based on the weighted average of the market price of the Company shares for the five (5) market days immediately preceding the date on which the option is granted less a discount of up to 10% or the par value of the Company share, whichever is the higher;
- (d) The ESOS shall be in force for a duration of ten (10) years from its commencement;
- (e) The ESOS Committee may impose any condition or conditions on any option which they grant preventing its exercise unless such condition has been complied with. If after the ESOS Committee has imposed an Exercise Condition, an event occur which cause the ESOS Committee to consider that it is no longer appropriate, they may at their discretion, vary the Exercise Conditions;

Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years subject to the option period. All unexercised options shall be exercisable in the last year of the option period. Any options which remain unexercised at the expiry date of option period shall be automatically terminated; and

- (f) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company except that the shares so issued will not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared; made or paid to shareholders prior to the date of allotment of the new shares.

Movement of share options during the financial year

The following table illustrates the number ("No.") and weighted average exercise price ("WAEP") of, and movements in, share options during the financial year:

	2015		2014	
	No.	WAEP (RM)	No.	WAEP (RM)
At 1 January	47,123,070	1.121	36,332,170	1.034
Granted during the financial year	33,383,050	1.400	10,997,900	1.400
Exercised during the financial year	-	-	(177,000)	0.785
Lapsed	(569,050)		(30,000)	
Outstanding at 31 December	<u>79,937,070</u>		<u>47,123,070</u>	
Exercisable at 31 December	<u>36,539,070</u>		<u>22,616,580</u>	

30. EMPLOYEE BENEFITS (cont'd)

The weighted average fair value of options granted during the financial year RM0.24 (2014: RM0.69).

The weighted average share price at the date of exercise of the options exercised during the financial year was RMnil (2014: RM1.64).

Share option outstanding at the end of financial year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price per share option RM	Share options	
			2015 unit	2014 unit
4 July 2012	1 July 2022	0.785	22,687,170	22,687,170
25 June 2013	1 July 2022	1.440	14,068,000	14,068,000
19 June 2014	1 July 2022	1.400	10,997,900	10,997,900
17 June 2015	1 July 2022	0.400	33,383,050	-
			<u>81,136,120</u>	<u>47,753,070</u>

Fair value of share options granted

The fair value of the share options granted during the financial year is estimated using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the option pricing models for the financial year ended 31 December 2015 and 31 December 2014:

	Black-Scholes	
	2015	2014
Expected volatility (%)	47%	25%
Risk free interest rate (%)	4.00%	4.02%
Expected life of option	7 years	8 years
Weighted average share price (RM)	0.435	1.56
Expected dividend yield (%)	nil	nil
Weighted average exercise price (RM)	0.40	1.40

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

31. NON-CANCELLABLE OPERATING LEASE COMMITMENT**(a) Operating lease arrangements – the Group as lessee**

The future aggregate lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Future rental payments:-				
Not later than one year	680,216	1,366,782	451,360	451,360
Later than one year and not later than five years	-	228,856	-	-
	<u>680,216</u>	<u>1,595,638</u>	<u>451,360</u>	<u>451,360</u>

This is in respect of the non-cancellable operating lease agreements entered into by the Group and the Company for the rental of office premises for periods of 2 years to 3 years and are renewable upon expiry. The leases do not include any contingent rentals.

(b) Operating lease arrangements – the Group as lessor

The Group entered into non-cancellable operating lease arrangements for the sub-rental of premises and parking lots. The lease has a tenure of three years with an option of renewal upon expiry. There are no restrictions placed upon the Group by entering into this lease.

The future minimum rental receivables under non-cancellable operating lease at the reporting date but not recognised as receivables, are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Future rental receivables:-				
Not later than one year	321,218	640,872	161,000	161,000
Later than one year and not later than five years	-	160,218	-	-
	<u>321,218</u>	<u>801,090</u>	<u>161,000</u>	<u>161,000</u>

32. CAPITAL COMMITMENTS

	Group	
	2015	2014
	RM	RM
Approved and contracted for:		
- Plant and equipment	<u>1,451,309,702</u>	<u>1,173,425,400</u>

33. CORPORATE GUARANTEE

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Corporate guarantee given for borrowings and other banking facilities of:				
- Subsidiaries	-	-	1,288,639,192	1,162,898,222
- Joint ventures	493,883,452	504,293,202	493,883,452	504,293,202
	<u>493,883,452</u>	<u>504,293,202</u>	<u>1,782,522,644</u>	<u>1,667,191,424</u>

34. RELATED PARTY DISCLOSURES**(a) Identity of related parties**

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. The Company has a related party relationship with its subsidiaries, associates, joint ventures, key management personnel, companies related to directors and affiliated companies. Companies related to directors refer to companies in which a director of the Company has substantial financial interests.

(b) Related party transactions and balances

In addition to the transactions disclosed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group	
	2015	2014
	RM	RM
Affiliated companies		
Charter income from:		
- Emas Offshore Pte. Ltd. *	(15,655,679)	(14,192,047)
- Emas Offshore (M) Sdn. Bhd. *	(40,279,867)	(30,473,932)
Rental of office income from:		
- Bayu Emas Maritime Sdn. Bhd. *	(288,894)	(287,730)
Vessel maintenance expenses to:		
- Emas Offshore Services (M) Sdn. Bhd. *	-	234,699

34. RELATED PARTY DISCLOSURES (cont'd)

(b) Related party transactions and balances (cont'd)

	Group	
	2015	2014
	RM	RM
Affiliated companies (cont'd)		
Purchase of vessel from:		
- Lewek Robin Shipping Pte. Ltd. *	-	24,475,500
Interest payable to:		
- EMAS Offshore Limited ^	132,597	321,901
Joint venture		
Secondment of the Company personnel to:		
- Victoria Production Services Sdn. Bhd. #	(10,876)	(391,461)
Rental office income from:		
- Victoria Production Services Sdn. Bhd. #	702,371	670,308

	Group/Company	
	2015	2014
	RM	RM
Associates		
Agency fee to:		
- Larizz Petroleum Services Sdn. Bhd. **	180,000	180,000
- Larizz Energy Services Sdn. Bhd. **	127,000	75,000

	Company	
	2015	2014
	RM	RM
Associates		
Dividend received from:		
- Larizz Petroleum Services Sdn. Bhd. **	(3,402,000)	(3,786,000)

Subsidiaries		
Agency fee paid or payable:		
- Perisai Offshore Sdn. Bhd. ***	110,760	110,760
- Larizz Energy Services Sdn. Bhd. @	53,000	-
Disposal of subsidiaries	-	(220,907,860)
Disposal of plant and equipment	-	(44,899)
Dividend received	(765,000)	-
Interest paid or payable	29,034,206	13,216,206
Interest received or receivable	(21,030,188)	(9,175,667)
Management fee income	(3,296,848)	(3,465,123)

34. RELATED PARTY DISCLOSURES (cont'd)

(b) Related party transactions and balances (cont'd)

- * The companies are subsidiaries of EMAS Offshore Limited.
- ^ EMAS Offshore Limited is a subsidiary of Ezra Holdings Limited.
- # A joint venture between the Company and EMAS Offshore Limited.
- @ 49% equity interest of the company is owned by Datuk Zainol Izzet Bin Mohamed Ishak, the Managing Director of the Company effective 15 September 2015.
- ** 60% equity interest of the company is owned by Datuk Zainol Izzet Bin Mohamed Ishak, the Managing Director of the Company.
- *** 49% equity interest of the Company is owned by Datuk Zainol Izzet Bin Mohamed Ishak, the Managing Director of the Company.

Information regarding outstanding balances arising from related party transactions as at the reporting date is disclosed in Notes 18, 19 and 24.

(c) Compensation of key management personnel

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of the entity, including any executive director of the Company.

The remuneration of the key management personnel is as follows:-

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Executive directors' remuneration:				
- Short term employee benefits (including estimated monetary value of benefits-in-kind)	1,319,317	1,550,350	1,259,650	1,508,350
- Post employment benefits	208,637	181,369	200,880	175,909
- Share options granted under ESOS	1,932,139	2,160,328	1,932,139	2,160,328
	<u>3,460,093</u>	<u>3,892,047</u>	<u>3,392,669</u>	<u>3,844,587</u>

34. RELATED PARTY DISCLOSURES (cont'd)**(c) Compensation of key management personnel (cont'd)**

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Non-executive directors' remuneration:				
Short term employee benefits				
- Fee and emoluments	365,140	370,000	365,140	370,000
- Other emoluments	35,500	39,000	35,500	39,000
- Share options granted under ESOS	<u>1,165,289</u>	<u>1,657,556</u>	<u>1,165,289</u>	<u>1,657,556</u>
	<u>1,565,929</u>	<u>2,066,556</u>	<u>1,565,929</u>	<u>2,066,556</u>
Total directors' remuneration	5,026,022	5,958,603	4,958,598	5,911,143
Other key management personnel				
- Short term employee benefits	3,133,622	3,305,258	3,064,380	3,305,258
- Post-employment benefits	290,705	309,395	283,703	309,395
- Share options granted under ESOS	<u>3,345,237</u>	<u>3,415,687</u>	<u>3,345,237</u>	<u>3,415,687</u>
	<u>6,769,564</u>	<u>7,030,340</u>	<u>6,693,320</u>	<u>7,030,340</u>
	<u>11,795,586</u>	<u>12,988,943</u>	<u>11,651,918</u>	<u>12,941,483</u>

Other key management personnel comprises persons other than the directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.

Directors' interest in employees' share option scheme

During the financial year:

- (i) 7,770,000 (2014: 2,600,000) share options were granted to two of the Company's executive directors under the existing ESOS plan at an exercise price of RM0.40 (2014: RM1.40) each; and
- (ii) 4,560,000 (2014: 1,600,000) share options were granted to five (2014: five) of the Company's non-executive directors under the existing ESOS plan at an exercise price of RM0.40 (2014: RM1.40) each.

34. RELATED PARTY DISCLOSURES (cont'd)**(c) Compensation of key management personnel (cont'd)**

No (2014: nil) option were exercised by these directors during the financial year.

At the reporting date, the total number of outstanding share options granted by the Company to the above-mentioned directors under the ESOS plan amounts to 30,630,000.

35. FINANCIAL INSTRUMENTS**(a) Categories of financial instruments**

The following table analyses the financial assets and liabilities in the statements of financial positions by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Financial assets				
<u>Loans and receivables</u>				
Trade receivables	67,306,589	48,345,826	1,774,150	-
Other receivables and deposits	59,464,935	70,972,398	169,271,623	624,915,450
Deposits, cash and bank balances	39,655,494	94,108,149	6,192,044	67,387,176
	<u>166,427,018</u>	<u>213,426,373</u>	<u>177,237,817</u>	<u>692,302,626</u>

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Financial liabilities				
<u>Financial liabilities at amortised cost</u>				
Trade payables	16,861,349	15,667,137	-	-
Other payables and accruals	59,383,229	44,127,928	604,535,259	551,117,291
Loans and borrowings	1,341,218,500	1,157,686,579	56,410,519	-
Hire purchase payables	276,395	390,918	276,395	390,918
	<u>1,417,739,473</u>	<u>1,217,872,562</u>	<u>661,222,173</u>	<u>551,508,209</u>

Financial liability at fair value through profit or loss

Derivative liability	<u>10,544,022</u>	<u>4,689,781</u>	<u>10,544,022</u>	<u>4,689,781</u>
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35. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair value of financial instruments

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

(i) Deposits, cash and bank balances, trade and other receivables and payables

The carrying amounts of deposits, cash and cash balances, trade and other receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair value non-current other payable is estimated using discounted cash flows analysis, based on current lending rate for similar type of arrangement.

(ii) Borrowings

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of long term floating rate loans are reasonable approximation of fair values as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of hire purchase payables is estimated using discounted cash flows analysis, based on current lending rate for similar types of borrowings.

The fair value of Medium Term Notes ("MTN") is the quoted price at the end of the financial year.

(iii) Derivatives

Cross currency interest rate swap contracts are valued 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 flows using an appropriate market based yield curve.

The carrying amounts and fair values of financial instruments, other than those with carrying amounts are reasonable approximations of fair values are as follows:

	Group		Company	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
2015	RM	RM	RM	RM
Financial liabilities				
MTN, excluding				
transaction costs	379,937,500	379,899,506	-	-
Hire purchase payables	276,395	282,236	276,395	282,236
Other payable (non-current)	10,519,075	9,076,490	-	-

35. FINANCIAL INSTRUMENTS (cont'd)**(b) Fair value of financial instruments (cont'd)**

The carrying amounts and fair values of financial instruments, other than those with carrying amounts are reasonable approximations of fair values are as follows: (cont'd)

	Group		Company	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
2014	RM	RM	RM	RM
Financial liabilities				
MTN, excluding transaction costs	330,887,500	320,133,656	-	-
Hire purchase payables	390,918	422,935	390,918	422,935
Other payable (non- current)	8,566,425	7,212,815	-	-
	<u>8,566,425</u>	<u>7,212,815</u>	<u>-</u>	<u>-</u>

(c) Fair value measurement

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:

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) 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
- (iii) 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 provides the fair value measurement hierarchy of the Group's assets and liabilities:

	Amount RM	Level 1 RM	Level 2 RM	Level 3 RM
2015				
Group				
Derivative financial instruments				
- cross currency interest rate swaps	10,544,022	-	10,544,022	-
Hire purchase payables	282,236	-	282,236	-
MTN, excluding transaction costs	379,899,506	379,899,506	-	-
Other payable (non- current)	9,076,490	-	9,076,490	-
	<u>9,076,490</u>	<u>-</u>	<u>9,076,490</u>	<u>-</u>

35. FINANCIAL INSTRUMENTS (cont'd)**(c) Fair value measurement (cont'd)**

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities: (cont'd)

	Amount RM	Level 1 RM	Level 2 RM	Level 3 RM
2015				
Company				
Derivative financial instruments				
- cross currency interest rate swaps	10,544,022	-	10,544,022	-
Hire purchase payables	282,236	-	282,236	-
	Amount RM	Level 1 RM	Level 2 RM	Level 3 RM
2014				
Group				
Derivative financial instruments				
- cross currency interest rate swaps	4,689,781	-	4,689,781	-
Hire purchase payables	422,935	-	422,935	-
MTN, excluding transaction costs	320,133,656	320,133,656	-	-
Other payable (non-current)	7,212,815	-	7,212,815	-
Company				
Derivative financial instruments				
- cross currency interest rate swaps	4,689,781	-	4,689,781	-
Hire purchase payables	422,935	-	422,935	-

During the financial year ended 31 December 2015, there was no transfer between Level 1 and Level 2 of the fair value measurement hierarchy.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including market risk (interest rate risk and foreign currency risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge designated risk exposures of the underlying hedge items and does not enter into derivative financial instruments for speculative purposes.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Risk management is carried out by a group treasury department under a policy approved by the Board of Directors. The policy provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and use of derivative financial instruments.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk primarily arises from its receivables. For other financial assets, the Group minimises credit risk by dealing with high credit rating counterparties and creditworthy financial institutions. The maximum risk associated with recognised financial assets is the carrying amounts as presented in the statements of financial position and corporate guarantee provided by the Company to banks on subsidiaries' credit facilities.

Receivables

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

The Group has a significant concentration risk with three (2014: four) single customers, on the entire of its trade receivables, contracted customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 18.

Financial guarantee

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiaries and joint ventures.

The Company monitors on an ongoing basis the repayments made by the subsidiaries and joint ventures and their financial performance.

The maximum exposure of the Group and the Company to credit risk amounts to RM493,883,452 (2014: RM504,293,202) and RM1,782,522,644 (2014: RM1,667,191,424) respectively representing the outstanding credit facilities of the subsidiaries and joint ventures guaranteed by the Company at the reporting date. At the reporting date, there was no indication that the subsidiaries and joint ventures would default on their repayment.

The financial guarantee has not been recognised as the fair value on initial recognition was immaterial since the financial guarantee provided by the Company did not contribute towards credit enhancement of the subsidiaries and joint ventures' borrowings in view of the security pledged by the subsidiaries and joint ventures and it is unlikely the subsidiaries and joint ventures will default within the guarantee period.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)**(b) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to foreign currency is disclosed in the respective notes to the financial statements.

In the previous financial years, the Group and the Company had entered into cross currency interest rate swap contracts to hedge against fluctuations in the USD/SGD exchange rate on its MTN. The Group will pay USD in exchange of receiving SGD at a pre-determined exchange rate of SGD1.248 to USD1.00 upon maturity in year 2016 according to the scheduled repayment of the MTN.

The Group and the Company holds cash at banks denominated in foreign currencies for working capital purposes (mainly in USD and SGD) amounting to RM3,991,370 and RM3,943,557 (2014: RM63,352,967 and RM63,286,469) respectively.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD and SGD exchange rate against the functional currency of the Company and its subsidiaries, with all other variables held constant.

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
USD/RM				
- strengthened 5%				
(2014: 5%)	854,100	2,633,509	26,970,921	20,768,834
- weakened 5%				
(2014: 5%)	<u>(854,100)</u>	<u>(2,633,509)</u>	<u>(26,970,921)</u>	<u>(20,768,834)</u>
SGD/RM				
- strengthened 2%				
(2014: 2%)	(12,637)	1,199,132	(7,496,372)	(5,246,829)
- weakened 2%				
(2014: 2%)	<u>12,637</u>	<u>(1,199,132)</u>	<u>7,496,372</u>	<u>5,246,829</u>
RM/USD				
- strengthened 5%				
(2014: 5%)	(79,793)	80,334	-	-
- weakened 5%				
(2014: 5%)	<u>79,793</u>	<u>(80,334)</u>	<u>-</u>	<u>-</u>

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)**(c) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations when they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:

Group	Carrying amount	Total contractual cash flows	On demand or within one year	One to five years	After five years
2015	RM	RM	RM	RM	RM
Financial liabilities:					
Trade payables	16,861,349	16,861,349	16,861,349	-	-
Other payables and accruals	59,383,229	59,383,229	48,864,154	-	10,519,075
Loans and borrowings	1,341,218,500	1,405,367,404	544,749,911	858,745,939	1,871,554
Hire purchase payable	276,395	289,850	128,832	161,018	-
Derivative liability (net settled)					
- Cross currency interest swaps	10,544,022	-	10,544,022	-	-
Financial guarantee contract*	-	493,883,452	493,883,452	-	-
	<u>1,428,283,495</u>	<u>1,975,785,284</u>	<u>1,115,031,720</u>	<u>858,906,957</u>	<u>12,390,629</u>

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations: (cont'd)

Group	Carrying amount RM	Total contractual cash flows RM	On demand or within one year RM	One to five years RM	After five years RM
2014					
Financial liabilities:					
Trade payables	15,667,137	15,667,137	15,667,137	-	-
Other payables and accruals	44,127,928	44,127,928	35,561,503	-	8,566,425
Loans and borrowings	1,157,686,579	1,284,408,352	182,032,917	1,102,375,435	-
Hire purchase payables	390,918	418,682	128,832	289,850	-
Derivative liability (net settled)					
- Cross currency interest swaps	4,689,781	-	-	4,689,781	-
Financial guarantee contract*	-	504,293,202	504,293,202	-	-
	1,222,562,343	1,848,915,301	737,683,591	1,107,355,066	8,566,425

* The Group has given corporate guarantee to banks for banking facilities of its joint ventures. The potential exposure of the financial guarantee contract is equivalent to the amounts of the banking facilities utilised by the said joint ventures.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations: (cont'd)

Company 2015	Carrying amount RM	Total contractual cash flows RM	On demand or within one year RM	One to five years RM	After five years RM
Financial liabilities:					
Other payables and accruals	604,535,259	604,535,259	604,535,259	-	-
Loans and borrowings	56,410,519	56,410,519	56,410,519	-	-
Hire purchase payables	276,395	289,850	128,832	161,018	-
Derivative liability (net settled)					
- Cross currency interest swaps	10,544,022	-	10,544,022	-	-
Financial guarantee contract #	-	1,782,522,644	1,782,522,644	-	-
	671,766,195	2,443,758,272	2,454,141,276	161,018	-

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations: (cont'd)

Company 2014	Carrying amount RM	Total contractual cash flows RM	On demand or within one year RM	One to five years RM	After five years RM
Financial liabilities:					
Other payables and accruals	551,117,291	551,117,291	551,117,291	-	-
Hire purchase payables	390,918	418,682	128,832	289,850	-
Derivative liability (net settled)					
- Cross currency interest swaps	4,689,781	-	-	4,689,781	-
Financial guarantee contracts #	-	1,667,191,424	1,667,191,424	-	-
	556,197,990	2,218,727,397	2,218,437,547	4,979,631	-

The Company has given corporate guarantee to banks for banking facilities of its subsidiaries and joint ventures. The potential exposure of the financial guarantee contracts are equivalent to the amounts of the banking facilities utilised by the said subsidiaries and joint ventures.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk mainly relates to financial liabilities. The Group's interest bearing financial liabilities comprise hire purchase payables and loans and borrowings.

The loans and borrowings of the Group and of the Company totalling RM965,112,211 and RM56,410,519 (2014: RM832,010,722 and RMnil) respectively at floating rate expose the Group and the Company to cash flow interest rate risk whilst hire purchase payables and Medium Term Notes of RM376,382,684 (2014: RM326,066,775) at fixed rate expose the Group to fair value interest rate risk.

The Group actively reviews its debts portfolio to ensure favourable rates are obtained, taking into account the investment holding period and nature of assets.

Sensitivity analysis for interest rate risk

As at the reporting date, a change of 25 basis points in interest rates, with all other variables held constant, would decrease/increase the total profit for the financial year of the Group and of the Company by RM2,412,780 and RM141,026 (2014: RM2,080,027 and RMnil) respectively, arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings.

37. CAPITAL MANAGEMENT

The primary objective of the Group's and Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratios in order to support their business and maximise shareholders' value.

The Group and the Company manage their capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 31 December 2014.

The Group and the Company monitor capital using a gearing ratio, which is net debts divided by total capital plus net debts. The Group's and the Company's policy is to maintain the gearing ratio not exceeding 250%. The Group and the Company include within the net debts, hire purchase payables, loans and borrowings less cash and bank balances. Capital includes equity attributable to owners of the Company add or less foreign currency translation reserve and the fair value adjustment reserve, if any.

37. CAPITAL MANAGEMENT (cont'd)

The gearing ratios at 31 December 2015 and 31 December 2014 were as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Loan and borrowings	1,341,218,500	1,157,686,579	56,410,519	-
Hire purchase payables	276,395	390,918	276,395	390,918
Less: Deposits, cash and bank balances	<u>(39,655,494)</u>	<u>(94,108,149)</u>	<u>(6,192,044)</u>	<u>(67,387,176)</u>
Net debts/(cash)	<u>1,301,839,401</u>	<u>1,063,969,348</u>	<u>50,494,870</u>	<u>(66,996,258)</u>
Equity attributable to owners of the Company	677,614,332	1,170,082,351	240,983,361	851,991,178
Less: Foreign currency translation reserve	<u>(298,060,845)</u>	<u>(92,981,486)</u>	<u>-</u>	<u>-</u>
Total capital	<u>379,553,487</u>	<u>1,077,100,865</u>	<u>240,983,361</u>	<u>851,991,178</u>
Capital and net debts	<u>1,681,392,888</u>	<u>2,141,070,213</u>	<u>291,478,231</u>	<u>784,994,920</u>
Gearing ratio	<u>77%</u>	<u>50%</u>	<u>n/m</u>	<u>n/m</u>

n/m – not meaningful

The Group and certain subsidiaries are required to comply with certain loan-to-value ratio, consolidated net worth, consolidated borrowings to consolidated net worth ratio and interest coverage ratio in respect of the term loans and MTN facilities. The subsidiaries have complied with the capital requirements at the end of the financial year.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 2 March 2015, Intan Offshore Group received a notice from Emas Offshore Pte. Ltd. ("EOPL") in respect of EOPL exercising its option to extend the charter period of the following offshore support vessels for a further period of 2 years, to be expiring on 31 August 2017:-

- (i) Sarah Gold;
- (ii) Sarah Jade; and
- (iii) Bayu Pearl.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (cont'd)

- (b) On 15 September 2015, the Company had subscribed an additional 22,500 ordinary shares of RM1 each in Larizz Energy Services Sdn. Bhd. ("Larizz Energy") ("Subscription of Shares") at a total cash consideration of RM22,500. Upon the Subscription of Shares, the Company's equity interest in Larizz Energy had increased from 40% to 51% resulted in Larizz Energy became a subsidiary of the Company. The remaining 49% of the enlarged issued and paid-up share capital of Larizz Energy is held by Datuk Zainol Izzet Bin Mohamed Ishak ("Datuk Izzet"), the Managing Director of the Company.
- (c) On 2 October 2015, a 51% owned subsidiary of the Company, Perisai Offshore Sdn. Bhd., had agreed with Petronas Carigali Sdn. Bhd. ("PCSB") and HESS Exploration and Production Malaysia BV ("HESS") to a farm-out of the Award of Contract No. CHO/2013/DDR/0079 ("Contract") to HESS ("Farm-Out"). The Farm-Out commenced on 23 September 2015 and shall continue for a duration of nine (9) months, with an option to extend for a period up to one (1) month by HESS. At the end of the Farm-Out, the Jack-up drilling rig 1, ("PP101") will be reassigned to PCSB to support PCSB's drilling operations. The total contract value of the Farm-Out to HESS for the primary nine (9)-month period is approximately USD26.9 million.
- (d) On 5 October 2015, the Company indirect wholly-owned subsidiary Perisai Pacific 102 (L) Inc. had agreed with PPL Shipyard Pte. Ltd. to defer the delivery date of Pacific Class@ 400 jack-up drilling rig, the Perisai Pacific 102 to a date no later than 31 March 2016 ("Deferment"). The original delivery date for the Perisai Pacific 102 is on 30 April 2015. The delivery date is now revised to a date no later than 31 March 2016. Apart from this Deferment, all other contractual provisions remain the same.
- (e) On 7 October 2015, the Company proposed to undertake the proposed private placement up to 119,272,400 ordinary shares of the Company representing approximately 10% of the existing issued and paid-up share capital of the Company ("Proposed Private Placement") under Section 132D of the Companies Act, 1965.
- (f) On 13 October 2015, Perisai Drilling Holdings Sdn. Bhd. and Perisai Production Holdings Sdn. Bhd., both wholly-owned subsidiaries of the Company have each incorporated two (2) new wholly-owned subsidiaries in Malaysia under the Companies Act 1965, with issued share capital of RM2 comprising 2 ordinary shares in each of the subsidiaries, namely:
 - (i) Perisai Drilling Operations Sdn. Bhd.;
 - (ii) Perisai Drilling Services Sdn. Bhd.;
 - (iii) Perisai Production Operations Sdn. Bhd.; and
 - (iv) Perisai Production Services Sdn. Bhd.;
- (g) On 24 November 2015, the Company had procured a placee for the Proposed Private Placement vide the execution of a call option agreement ("Call Option Agreement") with Macquarie Bank Limited ("Macquarie" or the "Investor") pursuant to which the Investor is granted call options with the right to exercise and be issued with up to 119,000,000 ordinary shares of RM0.10 each ("Call Option(s)") in the Company at an exercise price to be determined at a later date ("Exercise Price") ("Exercised Option Share(s)").

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (cont'd)

- (h) On 8 December 2015, the Company had implemented the Proposed Private Placement in tranches and had fixed the issue price of the first (1st) tranche comprising 5,482,000 Placement Shares at RM0.27369 per Placement Share.
- (i) On 28 December 2015, the Company had fixed the issue price of the second (2nd) tranche comprising 6,000,000 Placement Shares at RM0.25 per Placement Share.

39. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

- (a) On 4 February 2016, the Company has fixed the issue price of the third (3rd) tranche of the Private Placement comprising 6,000,000 Placement Shares at RM0.25 per Placement Share.
- (b) On 16 February 2016, the Company had fixed the issue price of the fourth (4th) tranche of the Private Placement comprising 6,000,000 Placement Shares at RM0.25 per Placement Share.
- (c) On 18 February 2016, the Company has fixed the issue price of the fifth (5th) tranche of the Proposed Private Placement comprising 6,000,000 Placement Shares at RM0.25 per Placement Share.

40. SEGMENT INFORMATION

(a) Operating segments

For management purposes, the Group is organised into business segments based on their services and has three reportable operating segments as follows:-

- | | |
|-----------------------|--|
| (i) Drilling Units | - Operations and maintenance service and provision of offshore assets which are primarily for oil and gas offshore drilling. |
| (ii) Production Units | - Operations and maintenance service and provision of offshore assets which are primarily for oil and gas offshore production. |
| (iii) Marine vessels | - Provision of vessels, barges and equipment on vessels charter services. |

Other non-reportable segment comprises investment holding and management services.

40. SEGMENT INFORMATION (cont'd)

(a) Operating segments (cont'd)

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets and liabilities information are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.

Transfer prices between operating segments are carried out on negotiated terms.

(b) Geographical segments

Segmental reporting by geographical segments has not been prepared as the Group's operation are carried out predominantly in Malaysia.

Revenue information based on the geographical location of customers is as follows:

	2015 RM	2014 RM
Malaysia	199,128,112	107,940,871
Singapore	15,655,679	14,192,047
	<u>214,783,791</u>	<u>122,132,918</u>

All non-current assets (excluding deferred tax assets and financial instruments) of the Group based on the geographical location of entities holding the assets are located in Malaysia.

40. SEGMENT INFORMATION (cont'd)

Segment revenue and results

2015	Drilling Units RM	Production Units RM	Marine Vessels RM	Others RM	Elimination RM	As per Consolidation RM
Revenue						
External revenue	158,848,245	-	55,935,546	-	-	214,783,791
Inter-segment revenue	-	-	-	7,463,848	(7,463,848)	-
Total segment revenue	158,848,245	-	55,935,546	7,463,848	(7,463,848)	214,783,791
Results						
Operating results	31,594,889	(33,965,116)	37,787,750	(11,919,814)	-	23,497,709
Interest expense	(31,280,011)	(3,262,739)	(4,275,619)	(8,837,230)	-	(47,655,599)
Interest income	-	-	-	170,161	-	170,161
Impairment loss on:						
- plant and equipment	(218,765,231)	(49,551,125)	-	-	-	(268,316,356)
- prepayments	(421,596,886)					(421,596,886)
Share of results of associates	-	-	-	3,838,075	-	3,838,075
Share of results of joint ventures	-	-	-	21,911,509	-	21,911,509
Segment results	(640,047,239)	(86,778,980)	33,512,131	5,162,701	-	(688,151,387)
Tax expense						(833,970)
Loss for the financial year						(688,985,357)

40. SEGMENT INFORMATION (cont'd)

Segment revenue and results (cont'd)

2014	Drilling Units RM	Production Units RM	Marine Vessels RM	Others RM	Elimination RM	As per Consolidation RM
Revenue						
External revenue	77,466,939	-	44,665,979	-	-	122,132,918
Inter-segment revenue	-	-	-	7,251,123	(7,251,123)	-
Total segment revenue	77,466,939	-	44,665,979	7,251,123	(7,251,123)	122,132,918
Results						
Operating results	18,877,857	(26,393,869)	31,819,524	(19,124,212)	-	5,179,300
Interest expense	(10,428,551)	(3,888,997)	(4,108,975)	(5,827,880)	-	(24,254,403)
Interest income	-	-	-	419,019	-	419,019
Share of results of associates	-	-	-	3,938,375	-	3,938,375
Share of results of joint ventures	-	-	-	42,582,944	-	42,582,944
Segment results	8,449,306	(30,282,866)	27,710,549	21,988,246	-	27,865,235
Tax expense						(607,110)
Profit for the financial year						27,258,125

40. SEGMENT INFORMATION (cont'd)

Segment revenue and results (cont'd)

Other segment information	Drilling Units		Production Units		Marine Vessels		Others		Elimination		As per Consolidation	
	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM	2014 RM
Depreciation of plant and equipment	28,971,973	9,649,275	27,009,297	22,289,399	18,913,853	14,848,308	362,515	247,070	-	-	75,257,638	47,034,052
Impairment loss on:												
- plant and equipment	218,765,231	-	49,551,125	-	-	-	-	-	-	-	268,316,356	-
- prepayments	421,596,886	-	-	-	-	-	-	-	-	-	421,596,886	-
- trade receivables	-	-	-	1,796,494	-	-	-	-	-	-	-	1,796,494
Share options granted under ESOS	-	-	-	-	-	-	7,885,404	9,437,922	-	-	7,885,404	9,437,922

40. SEGMENT INFORMATION (cont'd)

Major customers

Revenue from major customers with revenue equal or more than 10% of the Group revenue are as follows:

	2015			2014		
	Drilling units segment RM	Production units segment RM	Marine vessels segment RM	Drilling units segment RM	Production units segment RM	Marine vessels segment RM
Major customers						
- Customer A	-	-	40,279,867	-	-	30,473,932
- Customer B	158,848,245	-	-	77,466,939	-	-
- Customer C	-	-	15,655,679	-	-	14,192,047

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFIT OR LOSS

The following analysis of realised and unrealised retained earnings/(accumulated losses) of the Group and of the Company at 31 December 2015 and 31 December 2014 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants.

The retained earnings/(accumulated losses) of the Group and of the Company as at 31 December 2015 and 31 December 2014 is analysed as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Total (accumulated losses)/retained earnings of the Company and its subsidiaries				
- Realised	(956,351,356)	289,364,553	(598,813,620)	55,183,982
- Unrealised	<u>12,366,851</u>	<u>19,493,725</u>	<u>53,623,185</u>	<u>19,404,224</u>
	(943,984,505)	308,858,278	(545,190,435)	74,588,206
Total share of (accumulated losses)/retained earnings from associates				
- Realised	(15,298,534)	(16,271,788)	-	-
- Unrealised	<u>(473,230)</u>	<u>63,949</u>	-	-
Total share of retained earnings from joint ventures				
- Realised	70,906,995	48,209,905	-	-
- Unrealised	<u>(331,068)</u>	<u>454,513</u>	-	-
Less: Consolidation adjustments	<u>482,560,033</u>	<u>(41,616,964)</u>	-	-
Total (accumulated losses)/retained earnings	<u>(406,620,309)</u>	<u>299,697,893</u>	<u>(545,190,435)</u>	<u>74,588,206</u>

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.